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Vol. 31



(Comm. Kennedy)

7.5 Crawford Cy
112 Barry Berg
10314 ST.

IN THE MATTER OF The Public Inquiries Act, being Chapter 258 of The Revised Statutes of Alberta, 1955, and Amendments thereto; and,

IN THE MATTER OF an Inquiry by a Royal Commission into the matters set out in Order-in-Council 861/67 respecting the use or attempted use by the Honourable Alfred J. Hooke of his office as a member of the Executive Council of Alberta, and the use or attempted use by Edgar W. Hinman of his office as a member of the Executive Council of Alberta.

PROCEEDINGS BEFORE THE HONOURABLE MR. JUSTICE W. J. C. KIRBY

C. W. CLEMENT, Esq., Q.C.,
S. A. FRIEDMAN, Esq., Q.C.,
S. H. McCUAIG, Esq., Q.C.
L. MAYNARD, Esq., Q.C.,
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Dr. C. A. Allard
Liberal Association of Alberta
Progressive Conservative Party of
Alberta
Alberta New Democratic Party

W. ALAN SHORT, ESQ.,
Clerk to the Commission.

VOLUME No. 31

DATE November 3, 1967
(Pages 3240 - 3346)

Supreme Court Reporters
EDMONTON, ALBERTA

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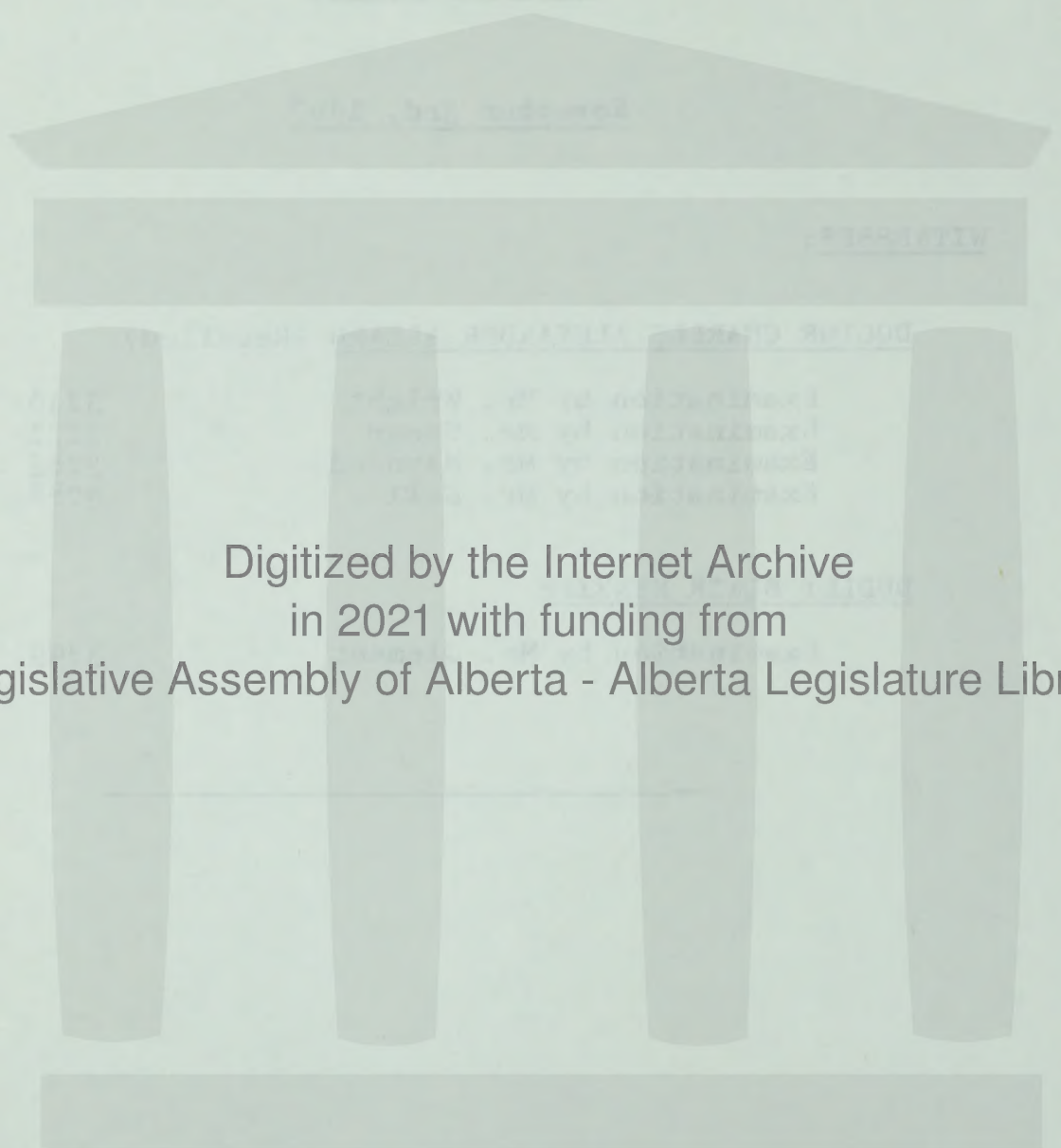
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IN THE MATTER OF an Inquiry by a Royal Commission into the matters set out in Order-in-Council 861/67 respecting the use or attempted use by the Honourable Alfred J. Hooke of his office as a member of the Executive Council of Alberta, and the use or attempted use by Edgar W. Hinman of his office as a member of the Executive Council of Alberta.

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	Mr. Neil Reimer
G. A. C. STEER, Esq., Q.C.	Dr. C. A. Allard
D. H. BOWEN, Esq., Q.C.	Liberal Association of Alberta
N. S. CRAWFORD, Esq., and	Progressive Conservative Party of
J. D. HILL, Esq.	Alberta
G. S. D. Wright, Esq.	Alberta New Democratic Party

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Dr. C. A. Allard - Wright Ex.

PROCEEDINGS before The Honourable
Mr. Justice W. J. C. Kirby, this
3rd day of November, A.D., 1967,
at 9:00 o'clock in the morning, at
the Court House, in the City of
Edmonton, Province of Alberta.

DR. CHARLES ALEXANDER ALLARD, recalled, examined by Mr. Wright:

THE COMMISSIONER: Mr. Steer?

MR. STEER: Mr. Commissioner, we were asked yesterday to try and inform ourselves as to what was meant with regard to a passage in Exhibit 350, "We have one or two advantages under the Alberta Charter ...", and so on; and I made inquiries to try and ascertain who the actual author of the letter was, and inquired from all those persons we could think of who might have been at this particular date, and it would appear that Mr. George Jones, who is now dead, was the actual author of the letter.

I myself looked at the Dominion Trust Companies Act as it stood at that time and at the Alberta Trustee Act with regard to investments, which was a suggestion raised by my friend; and I got no assistance from the reading of those two Statutes in the time I was able to spend on it last night.

I got Dr. Allard to talk to Mr. Miles, who was the Managing Director of the company at the time, and as a result of that discussion there are I think three points that came out which Dr. Allard is quite prepared to give as having been given to him by Mr. Miles, but we would not want it to be said that we are saying that these are the actual things

1-B-2

Dr. C. A. Allard - Wright Ex.

MR. STEER: (Cont.) that were in mind at the date of the letter, May 21st, 1959, but should you, sir, want him to give the information he obtained, this is quite satisfactory. This is the best we have been able to do, sir.

THE COMMISSIONER: Thank you, Mr. Steer. Mr. Wright?

Q MR. WRIGHT: Yes, what was that information, Dr. Allard?

A There are three or four points. One, there was no restriction as to the total amount of deposits that could be taken into the trust company, there was no restriction related to capital. I think the Dominion Act would probably at that time have allowed deposits to the extent of twelve or fifteen times capital, whereas the Alberta Act at that time had no such restriction.

Two, we could make a mortgage loan as large as we wished, again unrestricted, not related to capital, but providing, however, that it did not exceed two thirds of the value of the asset being mortgaged.

Thirdly, we were unrestricted as to the locality for making mortgage loans.

And I think, fourthly, what might have been meant in that sentence was that we thought there was some advantage in being a local company under a local Charter.

Q Yes, one of those would include the fact that at that time the Provincial Government had little or no machinery for policing trust companies?

A Well, really an obsolete Act at the time that we incorporated.

1-B-3

Dr. C. A. Allard - Wright Ex.

Q Yes, but that was one of the conditions of the Companies Branch, was respecting trust companies at the time, though, they had no machinery for policing the Act?

A The Act came under the Registrar of Companies generally. I think that they had annual returns and I would guess that they certainly had the right to examine the affairs of the company whenever they wished. Certainly they had no department that was set up specifically for this purpose.

Q Yes. Could I have Exhibit 270, please?

Yes, you are in effect agreeing, are you not, with Mr. Hughes when in his Memorandum of the 10th of April 1958, Exhibit 270, he says, well, he, I will read the whole passage; he says:

"It is not unreasonable to assume that the provisions authorizing trust companies to engage in the deposit business were omitted from the Alberta Trust Companies Act when it was passed in 1931, because the Province considered that under the circumstances there was no necessity of requiring of setting up a Provincial branch to control the few trust companies that might enter the deposit business when such companies could enter this field by obtaining a Federal Charter."

In effect he is saying that there was no Provincial branch at that time controlling trust companies?

MR. STEER: Sir, I haven't been able to find the passage to which my friend is referring.

MR. WRIGHT: At page 2, 5(b).

1-B-4

Dr. C. A. Allard - Wright Ex.

MR. STEER: Perhaps the witness could see it too.

MR. WRIGHT: Yes sir.

MR. STEER: He has not seen it. He may have seen
it some days ago -

MR. CLEMENT: I am a little at a loss as to what is
being furthered by this; is the Doctor being asked to
interpret a Memorandum made by Mr. Hughes? It seems to me to
be a little far out, sir.

A What paragraph?

Q MR. WRIGHT: 5(b).

THE COMMISSIONER: Repeat your question, please. Will
you repeat your question?

Q MR. WRIGHT: Well, I can put it in another form more
succinctly, My Lord. The fact is that there was no special
department dealing with trust companies at this time although
there was an Act?

A That is correct.

Q Yes, and there was no Provincial organization that existed
at that time to check through the actual operations of the
trust company, I am not talking about annual reports, but
the actual operations as there exists at the Federal level?

A That is correct, Mr. Wright.

Q Yes, and what is the arrangement now, as a matter of
interest, Dr. Allard?

A Well, I am not familiar with it in detail but I think that a
Director, I think this is the correct name, a Director of
Trust Company, a Director of Trust Companies has been

1-B-5

Dr. C. A. Allard - Wright Ex.

A (Cont.) appointed, and I presume that he has some staff, I wouldn't know how much.

Q At any rate they do attempt to do this at the present time?

A Yes sir.

Q This might have been one of the advantages referred to in the letter, do you think?

A Oh, no, Mr. Wright.

Q You don't think so?

A No.

Q At any rate, as the provisions were tightened up from year to year, your mode of investment had itself to be tightened up from time to time to meet these provisions?

A Well, I am not sure that "tightened up" is the proper expression, Mr. Wright.

Q It had to be more restricted?

A It had to be changed, certainly we had to conform with the Act as the Act is changed.

Q Yes?

A Now, mind you, this has been a real problem in Alberta because I am sure, I am not sure exactly how many times the Act has been modified but at the time that we commenced the operations of North West Trust and in retrospect, because certainly I was no expert on the subject at the time, but the Act that was in force at the time we were incorporated was a very loose Act and certainly required to be amended. However, the present Act I think is, has been amended I think far too rigorously, I think it was amended without enough thought and

1-B-6

Dr. C. A. Allard - Wright Ex.

A (Cont.) without enough consultation with sufficient people.

1-P-1

Dr. C. A. Allard - Wright Ex.

Q During the year 1960 Dr. Allard --

A M-hm?

Q -- the company obtained further amendments to its Charter which allowed the investment of money that it had received over and above the amount that had to be kept in that minimum deposit in securities wider than trustee securities?

A Yes.

Q This again was a valuable right?

A Well Mr. Wright, as my memory serves me, that came about as an amendment to the Trust Companies Act did it not?

MR. CLEMENT: Mr. Commissioner, again I observe that this Inquiry is not necessarily into the affairs --

THE COMMISSIONER: Yes, I am wondering, I am not investigating trust companies or the Trust Companies Act and I just wonder what the relevance is Mr. Wright. Perhaps you could explain it.

MR. WRIGHT: Well, the relevancy of that My Lord is that there were further concessions or advantages that the North West Trust Company gained in the year 1960 over and above its coming into existence as an active trust company in 1959.

MR. CLEMENT: My friend is referring to those advantages obtained by amendment of the Memorandum of Association by the Order of the Court. This seems to me also to be irrelevant.

THE COMMISSIONER: I don't see the connection, perhaps you could explain, I don't see the connection of this with

1-P-2

Dr. C. A. Allard - Wright Ex.

THE COMMISSIONER: (cont.) Mr. Hooke. I don't see any connection at all at the present time Mr. Wright and I am not really concerned with whether this is a good Trust Act or a bad Trust Act really, that is not my concern.

MR. WRIGHT: Well, I have come to the end of that part anyway.

THE COMMISSIONER: Yes, all right, go ahead.

Q MR. WRIGHT: Coming to Doral Development Dr. Allard?

A Yes.

Q Can you give us a reason why it was the company you bought rather than the land?

A Well I would have preferred to buy the land Mr. Wright because buying the company made it slightly more complicated in the end for accounting purposes but I understood from Mr. Campbell that the vendors wished to sell their shares and not the assets of the company.

Q Yes, this is an unusual way of buying land for you or your companies is it not?

A Well, I think that in most instances we bought land direct but I wouldn't say it was an unusual way of acquiring real estate. There are times when the vendors for their own reasons, usually related to tax rules, prefer to sell the shares as you well know, than the assets of the company.

Q Were you told Mr. Hooke's reasons for this at the time or whosever reasons they were?

A No sir I wasn't but I presumed, it was a presumption on my

1-P-3

Dr. C. A. Allard - Wright Ex.

A (cont.) part that by selling the shares the vendors would effect a capital gain on their investment rather than selling the land separately.

Q Yes, and did you discuss this with Mr. Hooke after the event?

A No sir I did not.

Q Did you ever find from him his reasons for doing this in fact?

A No I didn't.

Q Can you give us any other examples of you or your companies buying land by this method?

A I would have to think about this.

Yes I can.

In the instance of the purchase we made on Jasper Avenue between 117th and 118th Street where for many years Crosstown Motors operated and from which they have since left, we purchased a company there largely to obtain the land that was in the company which, incidentally, was in the company at a very low price and we purchased and again the vendor here wished only to sell the shares in the company. The main asset in the company was the land which consisted of three or four lots on Jasper Avenue.

Q Yes, what was that company Dr. Allard?

A It was Northern Nash Limited.

Q Northern --

A Northern Nash Limited.

Q Yes, that was an automobile dealership?

1-P-4

Dr. C. A. Allard - Wright Ex.

A Yes.

Q And you were intending to establish an automobile dealership on that land at that time were you not?

A Yes, but the main asset of the company was in fact the land.

Q That may be but it was your intention, as you say, to establish a dealership there?

A That is correct.

Q And you did establish a dealership there for a time?

A Yes and now we are developing the land at the moment Mr. Wright.

Q Yes of course but, this was in the year when, 195-- approximately?

A I would think about 1955 or '56.

Q Yes, and you have bought many, many parcels of land, some small and many large and expensive in many parts of Western Canada have you not Dr. Allard?

A Yes.

Q Apart from this example, it is the only other example you can think of?

A Oh no, now that you mention it I have some more Mr. Wright.

We bought land in Winnipeg for development around Central Park and have subsequently developed it. Now that land, part of the land around Central Park a group of Winnipeggers owned and they had it in a company called, I think, Central Park Developments or something like that. Now, they had sold part of the land or disposed of part of the land to someone other than ourselves and, for their own reasons which I think

1-P-5

Dr. C. A. Allard - Wright Ex.

A (cont.) probably were tax reasons they wished to sell us the company and not the land and again we purchased the company and we had to divest the company.

Q Yes, what company was that?

A That particular company was a land holding, I think it was a land holding company.

Q Did it not have some leases?

A Well, it owned some old houses but these were to be torn down because they were really interested in the land.

Q Yes, but your reason for buying the Doral Developments Limited was because of the land which Mr. Campbell explained the situation of to you?

A That is correct, it was the land we were interested in.

Q Do you have land elsewhere of the small holding variety, at that time?

A Yes we did, some of the land that we had purchased by that time in southwest Edmonton had already been subdivided at the time we bought it for small holdings.

Q Yes?

A But we didn't wish the land, that particular land, to be held for that purpose.

Q Did Mr. Hooke ever borrow money from the North West Trust Company?

A Personally -- just a moment, there were two loans made from the North West Trust Company Mr. Wright, I have had to go back to find out some of the details of them both.

One was a mortgage made I believe to Marilana Ranches and

1-P-6

Dr. C. A. Allard - Wright Ex.

A (cont.) I think the year would have been about 1959. I would have to go back and verify that exactly but I believe it was a loan for \$20,000.00 and on property that was of sufficient value that it was well secured.

Q What property was that Dr. Allard?

A It was three parcels of land as I remember, eighty acres in the immediate vicinity of the Doral Land, a half a section of land about sixteen or eighteen miles from Edmonton near a place called Uncas and I believe a third parcel, approximately about one hundred eighty acres adjacent to Cooking Lake.

Q And these were clear title, were they?

A I would have to go back to the records to be sure about that Mr. Wright.

Q Yes, and all in Mr. Hooke's name?

A No, as I say --

Q Oh, as you were; were they all in Marilana Ranches' name or were there some in Mr. Hooke's name or what?

A As far as I know they were in the name of Marilana Ranches Limited.

Q Yes. Could you through your counsel produce that mortgage Dr. Allard?

A I think so.

Q Yes, thank you. And there was another loan you said?

A Sometime later, I can't give you the year exactly but we can determine it for you, the trust company purchased an agreement for sale, I think the property concerned was a small apartment somewhere on the South Side. The agreement for sale as I

1-P-7

Dr. C. A. Allard - Wright Ex.

A (cont.) recall the transaction had been an agreement made some years before and I believe it was a sale either from Mr. Hooke or one of his companies to a Mr. Powers and the trust company purchased this I think at a considerable discount to give them what they considered was a reasonable deal.

Q Yes, was this a second mortgage or an agreement for sale, agreement for sale subject to a mortgage?

A As I remember it, there was no mortgage, just a straight agreement for sale.

Q I see, and the amount of that please?

A I can't tell you off the top of my head exactly but I would think in the neighbourhood of \$20,000.00.

Q Again?

A Yes.

Q Or had the first \$20,000.00 been paid back in the meantime?

A Well, these Marilana lands were lands that my companies, John Campbell came to me in about 1961 I would say, to continue the pattern which we had established in Beaver Land and Doral Development, one of these parcels was an eighty acre parcel immediately adjacent to the land in Doral so that it was suitable for small holding subdivision and one of my companies bought these entire three parcels.

Q And accordingly there would be the balance remaining on the mortgage credited at that time on the purchase price?

A Well at that time we would have assumed the mortgage in total I would imagine.

1-P-8

Dr. C. A. Allard - Wright Ex.

Q Yes, assuming it was North West Trust themselves that bought the property?

A No, North West Trust did not buy the property.

Q Well I suppose, can you remember offhand the terms of repayment of that \$20,000.00 lent to Mr. Hooke or his company, the first one?

A The terms to Marilana Ranches you mean?

Q Yes?

A No I can't Mr. Wright.

Q And can you produce the documentation of the purchase of the agreement for sale also?

A Oh, I am sure that it must be available at the North West Trust Company.

Q Yes. Did you give us an approximate date of that second transaction?

A No I can't remember the date of it, it would be several years later I would think.

Q The money that was lent by the North West Trust Company was the ordinary trust company funds, I suppose?

A These were, I am quite positive that these mortgages would fall within the powers of the company, the North West Trust Company and that the value would be well within the value required under the Act. In other words --

Q Your memory is that both these items were authorized investments of the trust company?

A That is correct.

1-P-9

Dr. C. A. Allard - Wright Ex.

Q Coming to Fort McMurray Dr. Allard, Mr. Hooke as Minister of Municipal Affairs was Chairman of the Board of the new town, I am not quite sure if I am describing it correctly but that was the situation?

MR. STEER: That is correct, sir.

THE COMMISSIONER: Mr. Steer?

MR. STEER: According to sessional paper 95 that Mr. Hooke was the Chairman of some Board with regard to the new town, I believe.

MR. CLEMENT: My memory doesn't go as to what period of time Mr. Hooke was Chairman of the Provincial Planning Advisory Board. He may or may not have been Chairman of that Board at that time. I don't think it extended to any chairmanship in relation to --

MR. STEER: Well, that isn't quite what Mr. Wright asked.

MR. CLEMENT: Well, the sessional paper --

MR. STEER: Yes I had a copy of it and lost it.

MR. WRIGHT: I have a copy of Exhibit 335, a return that was tabled and it shows that in 1964 My Lord, it gives the members of the Board at a particular meeting but not the membership of the Board at large.

Q MR. WRIGHT: Do you happen to be aware of the relationship, the ex officio relationship of the Minister of Municipal Affairs to the Board of Administrators of the new town doctor?

THE COMMISSIONER: Mr. Steer? Just a minute, Mr. Steer?

1-P-10

Dr. C. A. Allard - Wright Ex.

MR. STEER: This information has been provided
in Exhibit 335.

MR. WRIGHT: I have 335.

MR. STEER: And I think it can be extracted from
that document.

MR. CLEMENT: Has any counsel got 335?

MR. WRIGHT: I have it here.

MR. CLEMENT: With the accompanying papers?

MR. WRIGHT: Oh.

MR. STEER: Question 5 and question 6.

1-M-1

Dr.C.A.Allard - Wright Ex.

MR. G.A.C.STEER: (Cont.) -- particularly the last paragraph on page 3, sir:

" At no time has either the Cabinet Committee -- " which consisted of Messrs. Patrick, Taylor, Aalborg, Colbourne and Strom,

"--- or the Minister of Municipal Affairs given recommendations or direction as to changes to Development Control Resolutions in effect or to the General Plan under preparation. Neither has the Committee or the Minister made recommendations on development applications being considered by the New Town Board of Administrators."

The Board of Administrators, I believe, is in question 5 ---.

MR. WRIGHT: No, it is not.

MR. G.A.C.STEER: I think the names of the Board of Administrators are provided.

MR. WRIGHT: My Lord, I am sorry to be pausing at this point, but I do think it is important to find out exactly what the relationship of the Minister of Municipal Affairs is to the -- .

THE COMMISSIONER: Yes; I think the proper thing is to look at the document and see what information is there so that you can base your question on a proper premise; that is the important thing.

MR. G.A.C.STEER: I don't think Dr. Allard --- I don't know whether he can give any background or not that would enable him to assist the Commission -- .

1-M-2

Dr.C.A.Allard - Wright Ex.

MR. WRIGHT: Yes, I do not expect that he would certainly have that knowledge -- and I don't know whether my learned friend Mr. Friedman can assist us on that.

MR. FRIEDMAN: I'm sorry, Mr. Commissioner, I am unable to assist you at this point. If Mr. Wright would like me to obtain that knowledge I will, and inform the Commission at a later date.

MR. WRIGHT: Yes, that will suffice.

THE COMMISSIONER: That's fine, Mr. Wright? If you will do that, Mr. Friedman -- thank you.

Q MR. WRIGHT: You were aware, of course, of the change of status of McMurray from a Town to a New Town, when it happened?

A I was aware, Mr. Wright, when we purchased the land, that Fort McMurray was likely to become a New Town.

Q Yes.

A Although I was not aware then, and I'm still not aware of all the details of what a new town is, apart from the fact that I believe it gets certain assistance from the provincial government.

Q Yes, and that the management, to a considerable extent, in consideration of the financial assistance given by the provincial government, shifts to the provincial government.

A Yes.

Q You were aware of that?

A Yes, I was.

Q And that the department concerned would be the Department of

1-M-3

Dr.C.A.Allard - Wright Ex.

Q (Cont.) Municipal Affairs?

A Yes.

Q And you knew, of course, Mr. Hooke was the Minister of Municipal Affairs?

A Yes.

Q At the time that your company went into Fort McMurray were you aware of the zoning of the parcel owned by the Catholic Church, that you eventually bought?

A What it was zoned at that time?

Q Yes.

A I don't remember, Mr. Wright, but I probably didn't know.

Q And did you yourself have any conversation with anyone with regard to the zoning of that parcel at any time?

A You mean, anyone in the provincial government?

Q Or the town itself.

A No, I did not.

Q Did you casually discuss McMurray with Dr. -- with Mr. Hooke?

A No, I very definitely did not, Mr. Wright, because I was well aware of the fact that in purchasing that land it could be an embarrassment to him and it could be an embarrassment to me.

Q Were you ever in McMurray with Mr. Hooke?

A No sir, I was not.

Q Not even recently?

A No, not recently. Not at any time.

Q You told us about your dealings with the Treasury Branch.

A Yes sir.

1-M-4

Dr.C.A.Allard - Wright Ex.

Q Dr. Allard, at the time that you obtained a line of credit totalling one million five hundred thousand dollars from them, was there any other bank that offered to give you similar accommodation?

A I had made no application for such an amount to any other bank, Mr. Wright.

Q Had any other bank approached you along the same line that Mr. Davey did approach you, to give them that business?

A No sir, they did not. I don't think that chartered banks are notable for competition these days -- .

Q Well, Mr. Davey said he thought -- said that he thought other banks had been after your business.

A Well, we had dealt at other banks, Mr. Wright, and to some extent we still have to because there are certain things that we cannot do through a Treasury Branch -- in other provinces, for example.

Q So you never explored, then, the total credit you could get from any bank as distinct from the Treasury Branch?

A No, I hadn't.

Q At McMurray, Dr. Allard, you told us that -- was it a piece of your land that you sold to Akrom Developments?

A No sir, they bought it completely separate, a piece of land --.

Q Yes.

A -- but not far from our parcel.

Q Yes, and was it still in the general central part of the townsite?

A That is correct.

1-M-5

Dr.C.A.Allard - Wright Ex.

Q And you told us that the Romaine brothers already had some sort of a lease --- "in their pocket" -- so to speak, from the provincial government at the time that they spoke to you.

A That is correct.

Q Yes; and this lease or undertaking to lease -- or however you would describe it --- was for what?

A It was for the purpose, as I remember, for a liquor store and certain office space. I can't remember the total square foot area.

Q Yes.

A This is space that we -- that Mr. Harris had thought should probably properly be, according to Mr. Harris, on our land, and he had made a submission to the provincial government at, I think, at a lower rate than was quoted by Mr. Romaine, and Mr. Harris was a little bit annoyed that this particular lease escaped him.

Q Yes; but had the Romaine's actually undertaken to build something?

A I can't tell you what the documentation was, but when they came to us they had a firm understanding.

Q Yes.

A As I remember, with the provincial government, to provide them this space.

Q Yes; so there was nothing in writing, then, at the time that they came to you?

A I can't answer that question.

1-M-6

Dr.C.A.Allard - Wright Ex.

Q So far as you know there was nothing in writing?

A Well, they were quite firm that they had a lease, and I presume --- certainly if I were going to be that firm I would feel I had to have something in writing.

Q So they may have had some sort of letter of intent at any rate?

A Yes.

Q In fact, the lease did happen?

A Yes sir.

Q And this was a lease from Akrom Developments Ltd. to the provincial government?

A Yes sir.

Q Was it?

A That's right.

Q Who built the building?

A I think -- I am quite sure A. V. Carlson -- Carlson Construction.

Q That is not a company that you had any interest in?

A No, but they have done quite a bit of building for us.

Q I see. At the time the contract was let to them, you or your companies -- company, had purchased a half interest in Akrom Developments Ltd.?

A We had obtained a half interest.

Q Obtained?

A Chartered Investments got a quarter, as you remember, for cash and some effort, and the North West Trust Company got a quarter as a bonus for making the mortgage, so we had a

1-M-7

Dr.C.A.Allard - Wright Ex.

A (Cont.) half interest.

Q Yes, that's right; so --- I just can't remember: was Akrom Developments an existing company when you met the Romaine's?

A I'm not positive about that either, Mr. Wright, but it was either in existence or about to come into existence.

Q I see, yes; but at any rate the contractor A. V. Carlson was -- the contract to A. V. Carlson was let after this one half interest had been purchased -- .

A That is correct.

Q -- by the two companies.

A Mr. Carlson would have had some hand in redesigning the previous plans.

Q And how long after the formation of the company was the lease entered into?

A I can't answer that. We would have to look up the records, Mr. Wright.

Q I see. The lease, presumably, was not entered into until the building had been built.

A I think it probably was entered into before the building was built.

Q I see. Is this not an unusual sequence?

A Well, I think that the policy, certainly of the federal government and probably the provincial government, is not to ordinarily enter into a lease on a building that doesn't exist, and for good reason; but Fort McMurray is, I think, a horse of a different color. There was nothing in Fort

1-M-8

Dr.C.A.Allard - Wright Ex.

A (Cont.) McMurray up until the time that these events took place, and if the provincial government needed space there was no other place they could get it. I think they would probably have been in a position where they had to enter into a lease before a building was completed, and at any rate it was my understanding when we were brought into this thing that there was a firm -- either written undertaking or a firm understanding that the Romaine's had with the provincial government that the government would in fact lease this building. For sure we would never have built it on any other basis.

Q Yes. Do you know how the Romaine's had got this?

A No; I had met Mr. Ed Romaine years ago when he was editor of the Albertan. I don't think I had met his brother before that -- and they were brought to me by Mr. Harris.

Q And so before the purchase of the half interest in the company, or the obtaining of a half interest, you had never seen anything in writing in the way of a commitment from the provincial government?

A I don't think that I have seen any documents on this particular deal, Mr. Wright.

Q I see. It is a matter of some interest to me whether there was anything in writing by way of a commitment from the provincial government for a lease at the time that Akrom Developments was either formed or you got your half interest.

A Well, I think we can find that out.

Q Yes. Well, I would appreciate that. Does Akrom Developments

1-M-9

Dr.C.A.Allard - Wright Ex.

Q (Cont.) own that building still?

A No.

Q Who does?

A The provincial government bought it either last fall or early this year.

Q And how -- when did the lease run from, approximately until when?

A Well, I thought it was at least a five-year lease --- probably with an option for renewal, and there was also an option that allowed the government to purchase it.

Q At any time or at the end of the lease, or when?

A I'm not sure.

Q Perhaps it would be better if you could produce this. I'm sorry to ask these things, but -- .

MR. CLEMENT: I think perhaps, Mr. Commissioner, we might enquire what purpose would be served by the production of the lease.

MR. WRIGHT: Well, to assist the witness in answering the question.

MR. CLEMENT: Well, again, what purpose is being served by the question, then?

MR. WRIGHT: My Lord, I'm attempting to enquire whether the government bought the building before the expiry of the lease, or in accordance -- well, it obviously did.

A Oh, yes.

Q Yes, obviously it did -- and whether this was pursuant to the terms of the lease or how -- if you can assist us there.

1-M-10

Dr.C.A.Allard - Wright Ex.

MR. G.A.C.STEER: My friend uses the term "government".

I understood we were inquiring into Mr. Hooke's affairs and his misuse of office within the terms of the Order-in-Council.

MR. WRIGHT: Let me come to that -- .

THE COMMISSIONER: I think -- so far I can see relevance. Go ahead, Mr. Wright.

MR. WRIGHT: Thank you.

A What was the question?

Q The question was whether the purchase was made in accordance with the terms of the lease, or was it a sort of subsequent deal?

A Well, I can't answer, Mr. Wright, whether the option to purchase existed at any time, or whether it was to be at the end of the lease, but as I understand -- I think it must have been to purchase at any time -- and at any rate this was something that Mr. Romaine arranged --- with whomever he dealt with at the government. He felt that he would like to sell it at that time, and we didn't care one way or the other, but -- .

Q And what --- ? I'm sorry.

A If we had waited until the lease ran out and the government bought it then I think it would have been more profitable.

Q But -- ?

A But there was a profit made on the sale in any event.

Q Yes, and how much of a profit?

A Well, again I am guessing, but I would think ---I am thinking in terms of quarters here, because North West Trust Company

1-M-11

Dr.C.A.Allard - Wright Ex.

A (Cont.) had a quarter and Chartered, and I think in the neighborhood of eighteen or twenty thousand per quarter -- so that would make seventy thousand in total.

Q Yes, and this was the excess of the selling price over the construction or the book value?

A Well, that would be excess over -- after retiring all the loans and debt.

Q Yes.

A After the mortgage was paid out and any shareholders' advances had been paid.

Q Yes, I see; and what department bought the building?

A Again I'm not sure about this, but I would presume it would be the Department of Public Works.

Q And at the time in question when the building was bought, McMurray was still a New Town -- and still is a New Town, is it not? Did you have any conversation yourself with anyone regarding the sale of the building?

A No sir, I did not.

Q Apart from members of the company, of course.

A Right.

Q You understood the question in the form I asked it?

A Yes.

Q Now, my Lord, I would respectfully submit that the -- that the lease and the sale to whatever department it was is of possible relevance -- or it is of relevance because it may possibly bear on the charges. I would appreciate it if--.

THE COMMISSIONER:

Have you any objection to producing
SUPREME COURT REPORTERS
EDMONTON, ALBERTA

1-M-12

Dr.C.A.Allard - Wright Ex.

THE COMMISSIONER: (Cont.) it, Mr. Steer?

MR. G.A.C.STEER: Sir, all I can say is that we will have to find where these documents are located -- .

THE COMMISSIONER: Yes, if they can -- I think it's a reasonable request.

MR. CLEMENT: Well, I would like to again register an objection, sir; as Commission counsel I am here to conduct an inquiry into the activities of Mr. Hooke in public office, and not an inquiry into the North West Trust Company or how the Town of Fort McMurray has been doing, or any of these other things. I do register an objection to loading the record up with unnecessary documents and unnecessary testimony -- irrelevant testimony.

2-B-1

Dr. C. A. Allard - Wright Ex.

MR. WRIGHT: My Lord, I certainly am the last one to want to have unnecessary documents or irrelevant testimony here, but when a witness says that his companies obtained a profit of \$36,000.00 on the sale of a building to the Government at the time that a friend of his was the Minister of a Department that is responsible for the administration of the Town -

MR. STEER: Not correct, sir, in my respectful submission.

MR. WRIGHT: Mr. Hooke describes himself as a friend of Dr. Allard's.

MR. STEER: Pardon?

MR. WRIGHT: I think it is of relevance, My Lord, certainly, and I am bound to say this because these questions are -

THE COMMISSIONER: Go ahead, Mr. Steer?

MR. BOWEN: My Lord, may I remark on this too, I think everybody else is having a crack at it?

I heartily agree with Commission counsel. Now, certainly the time factor is not all important, but we have been here a long time and we are going to be here a long time. This to my way of thinking is just a fishing expedition that has nothing whatsoever to do with Alfred Hooke.

MR. GILL: How does my learned friend know the lease was not signed by Mr. Hooke? Is he a mind-reader?

THE COMMISSIONER: Well, I think the prime function,

2-B-2

Dr. C. A. Allard - Wright Ex.

THE COMMISSIONER: (Cont.) certainly one of the functions of this Commission is to dispel suspicion. A great many suspicions have been aroused and I think the best way of dispelling them is to bring everything out in the open, so that I think we will look at those documents.

Anything else, Mr. Wright?

MR. WRIGHT: Yes, My Lord.

MR. STEER: The problem, sir, is that apparently everything is suspicious to my learned friends.

MR. GILL: I would agree with that, sir.

MR. STEER: And I must say that my understanding of the matter was that at the time, that this was a sale to the Government, and it was handled by the Department of Public Works, and this was not a, not a Department in which Mr. Hooke was involved. This is how I had understood it.

THE COMMISSIONER: Yes, I don't think it should be too difficult to obtain the lease showing the option.

MR. STEER: Fine, sir, we will try, we will make a complete investigation.

THE COMMISSIONER: Yes, thank you, Mr. Steer.

MR. STEER: Of what we can.

THE COMMISSIONER: Now, will you carry on, Mr. Wright.

Q MR. WRIGHT: The Steak Loft Building was built when, Dr. Allard?

A I would say in the early part of 1959, Mr. Wright.

Q And by whom was it built?

A You mean the contractor?

2-B-3

Dr. C. A. Allard - Wright Ex.

Q Really I was thinking of the owner?

A The owner, it was built by a company called Devonian Leaseholds Limited.

Q Yes, and this is a company of yours?

A We own half of it, Mr. Wright, in Paris Investments.

Q Paris Investments owns half and -

A A Mr. Klimove owns the other half.

Q Yes, and how was, from whom was the land acquired on which the Steak Loft Building was built?

A It was acquired from, one lot for sure was acquired from the Social Credit League, and the other lot had been purchased by members of the League. Now, I don't know whether the title was in the name of, of both lots was in the name of the League or not, certainly one of them was.

Q Yes, and did Mr. Hooke consult with you with respect to the building, its fittings or its leasing?

A No sir, not with me.

Q And Mr. Miles has said that Mr. Hooke visited the North West Trust Company about that time with regard to the building; can you explain what Mr. Hooke was doing at the North West Trust Company at that time?

A No, I can't, Mr. Wright. He may indeed have visited, but I only got in there about one hour a week in those days, and I don't make it that often these days.

Q Yes, thank you, I can appreciate that.

A I think we would have to go to Mr. Miles for that information.

Q Do I gather that you have never consulted or spoken to Mr.

2-B-4

Dr. C. A. Allard - Wright Ex.

Q (Cont.) Hooke with respect to that building?

A I cannot recall any conversations with Mr. Hooke with respect to that building.

Q Yes, with Mr. Campbell?

A Oh, with Mr. Campbell, Mr. Campbell was the man who got me interested in the property.

Q Yes, and the basement, is it, is leased to the Social Credit League?

A All but a small portion of it is.

Q Yes, and who arranged that?

A I did.

Q With whom?

A Well, this was part of the, this was a part of the transaction, Mr. Wright. Instead of purchasing the one lot that the League owned in cash we made an arrangement where they transferred us title to the lot in exchange for a long term occupancy, so that the lease, the rent, the rental income in effect pays off the land.

Q Yes. Did Mr. Campbell ever say he had spoken to Mr. Hooke with regard to this building?

A Yes, he did.

Q Yes?

A I gathered that, from what Mr. Campbell had said, that there was some disagreement amongst the members of the League about whom they wanted to develop this thing, and I think I was brought along as a possible interested party.

Q Yes, you gathered that Mr., you gathered from Mr. Campbell

2-B-5

Dr. C. A. Allard - Wright Ex.
- Steer Ex.

Q (Cont.) then that Mr. Hooke had suggested you or recommended your company as a possible developer?

A Oh, no, no, on the contrary.

Q Yes?

A I didn't know Mr. Hooke at the time and he didn't know me, Mr. Wright. It was Mr. Campbell who was out looking for local people who might be interested, and Mr. Campbell brought me to the three people that I have mentioned yesterday.

Q Yes. Did you at any time discuss with anyone the zoning for the Gas Building?

A No, no, Mr. Wright.

Q Thank you.

THE COMMISSIONER: Mr. Steer?

MR. STEER EXAMINES THE WITNESS:

Q I have just a few points, sir, if I might.

Dr. Allard, you have told us you are a physician and surgeon and your specialty is general surgery?

A Yes sir.

Q Do you run a full time practice as a physician and general surgeon?

A Yes, I do.

Q And then when do you get time to deal with these matters of business which you must have to deal with?

A Well, I try to fit them in in between my activities as a surgeon, which I regard as my important work, Mr. Steer.

2-B-6

Dr. C. A. Allard - Steer Ex.

Q Do you, as I understand it, in the medical profession when you are a surgeon you operate in the mornings and you do office work in the afternoons, is this correct?

A Yes, Mr. Steer, I have two afternoons that in recent years I have been able to free up from my surgical work, and they are available, and, of course, my evenings and weekends.

Q And you conduct your surgery in the morning and your office work in the afternoons other than as you have described, is this the way you have this thing organized?

A That is correct, I usually operate every morning.

Q Now, you were asked about Doral Developments and what you expected to get out of the company; can you describe to the Commissioner how the purchase was financed to get that land, to get the shares, the purchase of the shares?

A Well now, I believe the total acquisition price was about \$54,000.00.

Q That's what it adds up to exactly.

A Part of the arrangement was we were to retire the shareholders' loans of approximately \$17,000.00, and pay a bank loan that the company had in the amount of about thirteen.

Q Thirteen five?

A Thirteen five; and the balance of about twenty-three thousand to the shareholders.

Q All right.

A Now, -

Q What I am getting at is, was there a mortgage from North West Trust?

2-B-7

Dr. C. A. Allard - Steer Ex.

A Yes, there was a mortgage from North West Trust and the amount escapes me at the moment, but there was also a bonus to North West Trust of one half of the profits which subsequently became one half of the lots, so that the transaction was a very profitable one for -

MR. CLEMENT: Is that "loss" or "lots"?

A Lots. So that the transaction was a very profitable one from the point of view of the trust company.

Q MR. STEER: Were there any personal guarantees or corporate guarantees relating to the mortgage?

A Yes, they had my personal guarantee and Paris Investments' personal guarantee.

Q Yes, and you would have had to, or did you have to also pay real estate commission?

A Well, we would have paid Mr. Campbell ten percent commission on any sales that he made.

Q And in addition to that, with respect to the southern half of the property, did it have to be physically developed?

A Yes, Mr. Steer, we had to put roads in subsequently, and, of course, it also required a gas line.

Q All right, sir. Now I wonder if I could come for a moment to this illness of Mr. Hooke's, and you say that it was a kind of illness that requires, and the term you used was "assurance"; I wonder if you could enlighten the Commissioner on what is involved in this form of treatment?

A Well, largely either seeing the patient frequently or communicating with him frequently, to provide assurance

2-B-8

Dr. C. A. Allard - Steer Ex.

A (Cont.) that progress is being made, and certainly that deterioration is not taking place. It was certainly not entirely a physical illness that Mr. Hooke had.

Q Would this be a fair way of putting it, you would see him for the purpose of encouraging him that he is going to get better and he is not getting any worse, that is it?

A Yes.

Q That is it in sum and substance, isn't it?

A Yes, Mr. Steer, yes.

Q Now, Mr. Gill asked you whether this illness could affect, could have affected Mr. Hooke's judgment, and you did answer that question; now, I think the term you used was "it is possible", or something to that effect: had you ever directed your attention to that problem at the time, had it ever occurred to you that you should direct your mind to that problem at the time you were treating Mr. Hooke?

A The problem of the effect on his judgment, Mr. Steer?

Q Yes?

A No, I didn't, it didn't occur to me that his judgment was not sound.

Q Yes, so that -

MR. GILL: I direct your attention, Mr.

Commissioner, a little more explicitly than Mr. Steer has done to the record.

MR. STEER: Those are not the right words, I am free to admit that, but -

MR. GILL: The word "possible" was not -

2-B-9

Dr. C. A. Allard - Steer Ex.

MR. STEER: I just wanted to save a little time,
I paraphrased.

MR. GILL: The word "possible" was not used, Mr.
Steer. I asked him if it would affect his judgment, and
Dr. Allard took considerable time and his answer was:

" A I don't think to any great degree, perhaps it
would ..."

MR. STEER: "Perhaps", "possibly", "perhaps"?

MR. GILL: At page 3164.

MR. STEER: I was merely trying to paraphrase,
Mr. Gill.

MR. GILL: That is what I was afraid of.

MR. CLEMENT: "Toujours la politesse."

MR. GILL: "Merci."

Q MR. STEER: At that time you did not direct your
mind to that problem, this is what you have told us, is that
right?

A That's right.

Q That it didn't occur to you to do so?

A No.

Q I would like to just come briefly to this suite in
Vancouver, and there was some indication given to the
Commission, probably not direct evidence, but other people,
that this was an executive suite, which I gather means this
is something pretty posh, a pretty posh affair where people
live in the lap of luxury; is that correct?

A No sir, we don't own any suites like that, we have never

2-B-10

Dr. C. A. Allard - Steer Ex.

A (Cont.) built any like that, and this was an ordinary suite built for the middle of the market, if you like.

Q Yes, and then Mr. Bowen talked to you about seeing various councillors with regard to some land in the City of Edmonton which, and this ultimately I believe is the, went to the Provincial Planning Advisory Board, this is the appeal that was conducted in 1960: was the City represented at that appeal?

A Yes, it was.

Q And did the City present its argument?

A Yes, it did.

Q And the Board made its decision?

A Yes.

Q And who spoke on behalf of your interests, did you?

A I think that largely I did, Mr. Steer.

Q And with regard to talking to these various councillors, who are political people, I gather; when you went to them what did you do, did you just explain the facts to them?

A This was what I was interested in getting to them, were the facts of the matter, which I don't think had been properly relayed to the City.

Q Now, there was filed, Mr. Commissioner, an Exhibit 361 which represented the Minute of, I am not sure whether the Management Committee or the Board of Directors of North West Trust relating to the change in the Memorandum and Articles and the change in the Objects of the company. I provided my learned friend on Tuesday morning, I was unfortunately not

2-B-11

Dr. C. A. Allard - Steer Ex.

Q (Cont.) able to get Mr. Wright on Monday afternoon, with the Minutes of the trust company relating to that subject, and I have the balance of them here which I think, so that you, sir, can see the complete picture, should be filed.

THE COMMISSIONER: Is that related to Exhibit 361?

Q MR. STEER: Yes sir, they are the balance of the Minutes. This one is, you see, dated November 28th, and Mr. Wright and I agreed that was 1958; and I have the Minutes, the matter being discussed during October, November and December of 1958, and I think to show the whole picture the full set of Minutes should be put in.

The first, sir, is the Minutes of a meeting of the Directors, and you were present at this meeting, Dr. Allard?

A Yes sir.

Q And the date is the 3rd day of October 1958, and on page 3, and I took the liberty of ticking it in red, sir:

"The matter of the limitations upon the powers of the Company as contained in the Memorandum and Articles of Association was discussed, and on motion duly made and seconded it was resolved that all possible steps be taken to enlarge these powers at the earliest possible moment."

THE COMMISSIONER: Exhibit 361A.

MINUTES OF A MEETING OF THE
DIRECTORS OF THE NORTH WEST TRUST
COMPANY LIMITED, OCTOBER 3rd,
1958, MARKED EXHIBIT 361A.

Q MR. STEER: Then, sir, the 17th of October, a

2-B-12

Dr. C. A. Allard - Steer Ex.

Q (Cont.) Management Committee, were you present at that meeting, sir?

A Yes.

Q On page 1:

"Mr. Miles reported the discussion which had been held with officials of the Provincial Government as a result of which it had been agreed that the trust company should be given full additional powers including the authority to accept savings and that the Government officials had been most amicable."

THE COMMISSIONER: Exhibit 361B.

MINUTES OF THE MANAGEMENT
COMMITTEE OF NORTH WEST TRUST
COMPANY, OCTOBER 17th, 1958,
MARKED EXHIBIT 361B.

Q MR. STEER: And, then, sir, a Minute of the Management Committee, dated the 31st of October, 1958, and again were you present, sir?

A Yes sir.

Q On page 1:

"Mr. Miles also reported that he and Mr. Jones had had another meeting with the Registrar of Companies to discuss the draft of the proposed amended Objects of the company. He said that the draft had received favourable comments from Mr. Warr who was going to report to the company as soon as he had been able to discuss the matter with the Deputy Minister."

THE COMMISSIONER: Exhibit 361C.

2-B-13

Dr. C. A. Allard - Steer Ex.

MINUTES OF THE MANAGEMENT
COMMITTEE OF NORTH WEST TRUST,
OCTOBER 31st, 1958, MARKED
EXHIBIT 361C.

Q MR. STEER: A Minute of the Management Committee,
sir, and you were present, Dr. Allard?

A Yes sir, Mr. Steer.

Q And on page 2, paragraph 7 -

THE COMMISSIONER: The date?

Q MR. STEER: I am sorry sir, November 21st, 1958.

THE COMMISSIONER: Yes.

Q MR. STEER: "Mr. Jones produced a copy of the new Objects of
the company which had been approved by the Registrar of
Companies and the Deputy Minister and Mr. Miles reported
that he had had a number of conversations with Mr. Warr
with regard to the amendments required to the Articles
and that he hoped to have a reply in the course of the
day."

THE COMMISSIONER: Exhibit 361D.

MINUTES OF THE MANAGEMENT
COMMITTEE OF NORTH WEST TRUST,
NOVEMBER 21st 1958, MARKED
EXHIBIT 361D.

Q MR. STEER: And then Management Committee again,
sir, dated December 5th 1958; you were present, Dr. Allard?

A Yes, Mr. Steer.

Q Paragraph 3:

"Mr. Jones reported that the notices for the Extraordinary
General Meeting of the Shareholders for the purpose of
amending the Memorandum and Articles had been sent out

MINUTES OF THE MANAGEMENT
COMMITTEE OF NORTH WEST TRUST
OCTOBER 31st, 1958, MARKED
EXHIBIT 3d1C.

Q MR. STEER: A Minute of the Management Committee.

air, and you were present, Dr. Allard?

A Yes sir, Mr. Steer.

Q And on page 2, paragraph 7 -

THE COMMISSIONER: The date?

Q MR. STEER: I am sorry sir, November 21st, 1958.

THE COMMISSIONER: Yes.

Q MR. STEER: "Mr. Jones produced a copy of the new Objects of the company which had been approved by the Registrar of Companies and the Deputy Minister and Mr. Miller reported that he had had a number of conversations with Mr. Warr with regard to the amendments required to the Articles and that he hoped to have a reply in the course of the day."

THE COMMISSIONER: Exhibit 3d1D.

MINUTES OF THE MANAGEMENT
COMMITTEE OF NORTH WEST TRUST
NOVEMBER 21st 1958, MARKED
EXHIBIT 3d1D.

Q MR. STEER: And then Management Committee again, dated December 2nd 1958; you were present, Dr. Allard?

reported that the not as for the purpose of
for the purpose of
before a been sent out

2-B-14

Dr. C. A. Allard - Steer Ex.

Q (Cont.) on the 28th and 29th November."

THE COMMISSIONER: Exhibit 361E.

MINUTES OF THE MANAGEMENT
COMMITTEE, NORTH WEST TRUST,
DECEMBER 5th, 1958, MARKED
EXHIBIT 361E.

Q MR. STEER: And then we have, this is Minutes of
a meeting of Directors, you were present, Dr. Allard?

A Yes.

Q The 19th of December 1958, and there are three paragraphs on
page 1, sir:

"Dr. Allard explained that to have called a Directors
meeting earlier for the purpose of considering the
amendments to the Memorandum and Articles of Association
would have caused a delay in calling a Shareholders
meeting which was required to pass these necessary
special resolutions.

Mr. Miles summarized and explained the effect of the
proposed amendments to the Memorandum which he pointed
out gave the company the widest powers possible within
the existing law.

Mr. Matheson proposed and it was agreed by the
meeting that credit was due ..."

And that is perhaps not necessary.

THE COMMISSIONER: Exhibit 361F.

MINUTES OF MEETING OF DIRECTORS
OF NORTH WEST TRUST, DECEMBER
19th, 1958, MARKED EXHIBIT 361F.

Q MR. STEER: And then the Minutes of a Management

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Dr. C. A. Allard - Steer Ex.

Q (Cont.) meeting, a Management Committee, a meeting of December 12th, 1958; you were present, Dr. Allard?

A Yes.

Q And there authority was given for the Memorandum and Articles to be re-typed in the amended form, and then, sir, we have -

THE COMMISSIONER: Exhibit 361G.

MINUTES OF THE MANAGEMENT
COMMITTEE OF NORTH WEST TRUST,
DECEMBER 12th, 1958, MARKED
EXHIBIT 361G.

Q MR. STEER: Then, sir, we have the Special Resolutions passed at the Shareholders meeting of December 20th, 1958, and the form that the Objects clause of the company took at that time is already an Exhibit. The amendments to the Memorandum, or to the Articles of the company, sir, are annexed to this Minute, and the ones to which you, sir, will want to direct your attention are 100 and 101; and you were present at that meeting, Dr. Allard?

A Yes.

Q And I think I need not read it, sir, if it could be marked with the attachment.

THE COMMISSIONER: Yes, Exhibit 361H.

MINUTES OF SPECIAL EXTRAORDINARY
MEETING OF SHAREHOLDERS OF NORTH
WEST TRUST, DECEMBER 20th 1958,
MARKED EXHIBIT 361H.

Q MR. STEER: And then finally, a Management Committee meeting, you were present, Dr. Allard?

A Yes.

Q January 16th, 1959:

2-B-16

Dr. C. A. Allard - Steer Ex.

Q (Cont.) "Mr. Jones reported that the Memorandum and Articles, as amended, had now been typed and suggested that it should be proof-read before being deposited at the Company Registrar or issued to any interested parties. It was agreed that this should be done and a proof prepared and copies printed."

THE COMMISSIONER: Exhibit 361I.

MINUTES OF THE MANAGEMENT
COMMITTEE OF NORTH WEST TRUST,
JANUARY 16th, 1959, MARKED
EXHIBIT 361I.

MR. STEER: Those will also go with the formal documents which were filed earlier.

THE COMMISSIONER: Yes.

Q MR. STEER: Now, you were asked about having purchased the shares of Doral and also about Northern Nash Limited, having purchased the shares in that company, and as I recall it you gave evidence in your direct with regard to Northwestern Utilities or the Northwestern Utilities Building, how you prepared to use it by leasing it to the car company, until it was ready for development; is this a pattern that you have tried to follow in your business?

A Yes, Mr. Steer, we have done it on at least two other places. The site that the Devonian Building was built on was previously used for a car operation.

Q Yes?

A And the present, there is presently a building project with shopping centre and parking being done on Jasper Avenue west

2-B-17

Dr. C. A. Allard - Steer Ex.

A (Cont.) between 117th and 118th Streets; that for many years was used by Crosstown Motors Limited as a franchised dealership.

2-P-1

Dr. C. A. Allard - Steer Ex.
- Maynard Ex.

Q And with regard to Northern Nash was the same pattern trying to be followed?

A Well, this was the old Northern Nash site.

Q Oh, the one you just mentioned a moment ago?

A Yes.

Q I see. Now, in 1964 I am not sure, was Mr. Hooke the Minister of Municipal Affairs Mr. Friedman? Was Mr. Hooke the Minister of Municipal Affairs in 1964?

MR. WRIGHT: Yes.

MR. STEER: Yes he was, thanks very much.

Q MR. STEER: Mr. Hooke was Minister of Municipal Affairs in 1964 Dr. Allard and I think you told my friend Mr. Wright you knew that to be a fact?

A Yes.

Q Could you think of any reason why, because he was the Minister, you should have stayed out of Fort McMurray?

A Well, I thought about that Mr. Steer but I came to the conclusion definitely not.

Q I see. I think that is all I have sir. We will try and locate these documents and I will show them to my friend Mr. Wright.

THE COMMISSIONER: Thank you Mr. Steer. Mr. Maynard?

MR. MAYNARD EXAMINES THE WITNESS:

Q Doctor, you told us yesterday about your visit to Mr. Holloway to confirm the procedure that had been outlined to you by Mr. Campbell concerning any appeal to the City in the event your application for rezoning had been turned down or

2-P-2

Dr. C. A. Allard - Maynard Ex.

Q (cont.) not dealt with within six weeks. Do you remember this conversation yesterday?

A Yes sir.

Q Now, at the time you saw Mr. Holloway, did you do anything more than ask him for the procedure to be followed?

A I think the whole visit with Mr. Holloway probably took ten or fifteen minutes and I had briefly filled him in on the problem that essentially we wanted to know whether this procedure that Mr. Campbell had outlined was correct.

Q Did you discuss with him the use of his influence to obtain rezoning for you?

A No sir.

Q Did you discuss with him the question of using Mr. Hooke or asking Mr. Hooke to use his influence for you?

A Very definitely not.

Q And the letter that you wrote to Mr. Superstein setting out various things in connection with the operation of the North West Trust and the advantages we have heard a little bit about this morning, was that a circular letter sent to all shareholders?

A Yes it was. I didn't realize that yesterday when I looked at it but, it was a circular letter.

Q It was not intended to be a personal letter to any particular shareholder?

A It was written to them personally but it was a circular letter.

2-P-3

Dr. C. A. Allard - Maynard Ex.

Q Yes, to all, for the purpose of common knowledge to all the shareholders?

A Yes sir.

Q Fine, thank you, that is all.

THE COMMISSIONER: Mr. Clement?

MR. CLEMENT: No thank you sir.

THE COMMISSIONER: Now Dr. Allard, that concludes your examination. Is it going to be necessary to have Dr. Allard come back in connection with the documents to be produced?

MR. WRIGHT: I think it might possibly be necessary.

THE COMMISSIONER: Well I think probably you, Mr. Steer, can make those documents available to you and then you can decide whether you should have Dr. Allard recalled with respect to them. Thank you doctor.

A Thank you sir.

THE COMMISSIONER: Oh, Dr. Allard, I have a question here just for the record, not to inform me but, I want it to be on record.

Q THE COMMISSIONER: When you refer to the oil reserves at Fort McMurray, they are commonly referred to as the tar sands? Is that not correct?

A Yes sir.

Q THE COMMISSIONER: And the production of oil from those tar sands involves a process of extracting oil from them?

A Yes.

Q THE COMMISSIONER: It is not a common way of obtaining

2-P-4

Dr. C. A. Allard - Maynard Ex.
- Gill Ex.

Q THE COMMISSIONER: (cont.) oil by ordinary drilling? Is that correct?

A That is correct, sir.

Q THE COMMISSIONER: And am I correct also in understanding that in 1964 the necessary large industrial plants to carry out that extraction was in the process of construction or was proposed to be constructed?

A I think that the preliminary steps were already underway Mr. Commissioner.

Q THE COMMISSIONER: For a large industrial plant?

A Yes. Sun Oil.

Q THE COMMISSIONER: And all that was related to the developments, was it not, of Fort McMurray?

A Yes sir.

Q THE COMMISSIONER: Thank you.

MR. GILL: Mr. Commissioner, before the doctor leaves the stand; --

MR. GILL EXAMINES THE WITNESS:

Q I think you told my learned friend Mr. Wright there were two loans by North West Trust to Mr. Hooke or to companies in which he was interested in, is that correct?

A Yes. In reviewing this matter Mr. Gill I found this mortgage to the Marilana Ranches --

Q Yes?

A And the other was a purchase of an agreement for sale.

Q Well that really wouldn't be a loan, that is why I am asking this question.

2-P-5

Dr. C. A. Allard - Gill Ex.
Filing of Documents

A Oh.

Q That would be a straight purchase, would it be, of an agreement for sale?

A I am sorry.

Q So there is really only one loan, is that your evidence?

A That is correct.

Q I am just concerned were there two loans as well as the purchase of the agreement for sale?

A No, no, no, I am sorry, the purchase of the agreement was not a loan.

Q You are quite clear that it wasn't a matter of lending money on the security of the agreement for sale, you actually bought?

A Yes.

Q It was a small apartment house owned by Mr. Hooke?

A Well I am not sure whether it was owned by Mr. Hooke or a company of his.

Q You are going to let Mr. Wright see these documents?

A Yes.

Q Thank you doctor. Thank you Mr. Commissioner.

THE COMMISSIONER: Thank you.

(Witness retires.)

MR. CLEMENT: Mr. Commissioner, perhaps it would be convenient now if Mr. Friedman furnished a list of Ministers and Deputy Ministers of the Government of Alberta from the period I think anti-dating 1952 up to, I guess to date.

MR. FRIEDMAN: Mr. Commissioner, I have here a

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Filing of Documents

MR. FRIEDMAN: (cont.) sheaf of documents comprising approximately thirty-seven pages and this has been extracted by Miss Patton, a secretary in the office of the Clerk of the Executive Council and it sets out all of the Ministers and Acting Ministers of the various Government Departments. In most instances it goes back to 1948, that is those Departments that were established previous to 1948, the Ministers and Acting Ministers are designated in Departments that have been created since then it is indicated the date a Minister was appointed and, of special interest it points out that the Honourable Alfred John Hooke was Minister of Economic Affairs from April 20th, 1945 to August 2nd, 1955. That he was Minister of Public Works from September 9th, 1952 to August the 2nd, 1955. That he was Minister of Municipal Affairs from August 2nd 1955 to June 29th, 1967 and that he has been the Minister of Public Welfare since June 29th, 1967 to date and also that he was Provincial Secretary from August 2nd 1955 to September 1st 1959.

Those were the Ministeries that he held. The documents also indicate the Departments in which he was acting Minister at various dates and times.

THE COMMISSIONER: Thank you Mr. Friedman, that will go in as Exhibit 362.

DOCUMENT SETTING OUT THE NAMES OF
MINISTERS AND ACTING MINISTERS OF
THE GOVERNMENT DEPARTMENTS ENTERED
AS EXHIBIT 362.

MR. CLEMENT: You will recall Mr. Commissioner that

2-P-7

Filing of Documents

MR. CLEMENT: (cont.) Mr. Crawford made an inquiry in respect of the public accounts of the Province in relation to the trip, I think in 1948 by Mr. Hooke to England. Perhaps Mr. Friedman could inform you sir.

MR. FRIEDMAN: Mr. Commissioner, I attempted to obtain copies of the expense accounts of Mr. Hooke that would have covered that period of time. I understand that that was in 1947 or 1948. I made inquiry of his secretary to determine if she had copies and I found that they did not have copies in his personal files. I had my secretary contact the office of the Provincial Auditor and I was advised that they destroyed their records after a five year period so that I am unable to provide these documents.

THE COMMISSIONER: Thank you.

MR. CLEMENT: I understood my friend to have been informed that the course of events there sir was that Mr. Hooke had paid his own way, so to speak, and billed the Government afterwards. Perhaps I am wrong about that.

MR. FRIEDMAN: Mr. Commissioner, it is my understanding although I would stand to be corrected on this point, that Mr. Hooke arranged his own financing through a private bank and the details of this are recorded in Exhibit 89.

I believe that they indicate Mr. Hooke borrowed a certain sum of money prior to going to England, that when he got to England he had \$1,500.00 in excess at that time the pound was declining in value so he left this sum of money on

2-P-8

Filing of Documents

MR. FRIEDMAN: (cont.) deposit in an English bank but that any sums of money that Mr. Hooke obtained for expenses will be recorded in the estimates or the book containing estimates and expenditures for the year in which he was absent.

THE COMMISSIONER: Thank you.

MR. CLEMENT: I think my friend has reference actually to Exhibit 91.

MR. FRIEDMAN: I had all of the documents referred to on Exhibit 89. I understand this has been broken down and is Exhibit 91.

MR. CLEMENT: Mr. Commissioner, now subject to the possibility of recalling Dr. Allard I wish to open the subject of Mr. Hooke, Mr. Campbell -- Mr. Campbell's transactions with the City of Edmonton and I have here as a first witness Mr. Commissioner Dudley Menzies.

Now, before I put him in the box sir I would like to have put up on the easel a plan which he prepared for the purposes of this Inquiry. Mr. Commissioner, it will be easier to follow the evidence which will be adduced from time to time on this aspect of the Inquiry if we have this visible to yourself and to counsel but I don't know whether it can be hung on that easel or whether we can drape it in front of the newsmen. I think we will have to make shift that way sir for this morning. We may be able to get that up on the wall sir for Monday.

The first sequence of events, sir, concerns some property in what was then and probably still is the Capilano

2-P-9
Filing of Documents

MR. CLEMENT: (cont.) District which is down here and which Mr. Menzies will describe and I wish to put in a flow of documents in respect of that before I call Mr. Menzies.

Now, the first document is already Exhibit 95 which apparently is a discussion of values by a Mr. Fletcher of Roy-Win Real Estate Limited, a letter dated November 26th, 1964 much after the events, sir.

You will recall sir that Exhibit 91 is a discussion of the means by which Mr. Hooke acquired some land in the vicinity of Edmonton from English interests.

Exhibit 68 is a title dated January 15th, 1953 in the name of executors of an English estate of Block 5, subdivision plan 1562AM, river lot 3, Edmonton settlement.

Exhibit 69 is a title in the name of the same executors for Lots 29 and 30, Block 9 and so on, dated January the 15th, 1953.

I tender in evidence a photocopy furnished by the Land Titles Office of a Transfer by these same executors to Alfred John Hooke of the lands described in Exhibits 68 and 69 for the sum of \$1,500.00 and dated March 7th, 1953.

MR. MAYNARD: It is 67 already.

THE COMMISSIONER: Exhibit 363.

MR. MAYNARD: Mr. Commissioner I have a note here that Exhibit 67 is a Transfer of Land, Alastair Joseph Edgar Cranstoun et al to Alfred John Hooke dated March 7th, 1953.

MR. CLEMENT: I apologize sir, I had overlooked the fact that that was already in.

2-P-10
Filing of Documents

THE COMMISSIONER: Verywell. Delete that reference to Exhibit 363.

MR. CLEMENT: Yes, that will be merely designating it for the particular continuity of discussion of title.

The next instrument I draw your attention to sir is Exhibit 74 showing these lands I have referred to standing in the name of Alfred John Hooke by Certificate of Title 87Q144 dated April 24th, 1953.

Now there isn't really sir after the acquisition of this land concerning which some question has been raised by questions, there isn't a very great deal actually so far as I understand the evidence as to what went on between Mr. Hooke and the City relating to this Capilano land. There was an exchange. The City wished to make a replot of this Capilano land and negotiations were entered into and culminated in an exchange between the City and Mr. Hooke whereby Mr. Hooke transferred his Capilano property to the City and received from the City some property in the Bronx subdivision and at about the time this was culminated Mr. Hooke or, Ideal Homes or whatever company you wish to name, agreed to sell this Bronx property to Federated Equipment Company Limited and in the end result Federated Equipment became the owner of it. I don't know how much interests my friends have in pursuing the transaction up to and beyond the purchase of the Bronx property by Federated Mutual. You will recall sir at an early stage in this Inquiry there were some aspects of the City transaction that they weren't particularly interested in.

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Filing of Documents

MR. CLEMENT: (cont.)

I am going to deal rather briefly with the ones which I suspect they may not be interested in but, if my suspicions are ill founded I know that Mr. Gill and Mr. Wright will correct me immediately.

The next instrument is Exhibit 96 which, as I take it is a portion of a subdivision plan which shows the lots and property described in Exhibit 74.

The next in this discussion of title sir is Exhibit 92 which is in the nature of a receipt, a receipt by Mr. Hooke acknowledging the sum of \$1,000.00 from Terence Maber. I wonder if you would make a correction Mr. Reporter, the receipt is for the sum of \$200.00 on account of the purchase price of lots 29 and 30 in Block 9.

2-M-1

Production of documents.

MR. CLEMENT: (Cont.) Now, my Lord, Lots 29 and 30 in Block 9 are not included in the documents of title which I have put on the table, and I have not pursued the change of title to Lots 29 and 30 because at this moment it didn't seem to me to be relevant. If my friends are interested in how he acquired the lands owned by the English Estate -- those documents, documents of title which I have laid on the table.

Similarly, transfer Exhibit No.66, is a transfer by Alfred Hooke to Terrance Maber, in pursuance of the transaction recorded in Exhibit 92, a transfer of Lots 29 and 30 to Mr. Maber, and so far as one can determine at this moment, not relevant to the inquiry.

The next instrument is Exhibit 94 by which Mr. Hooke acknowledges receipt from XL Holdings Ltd. of \$350.00 on account of a purchase price of \$16,200.00 for Block 5, part of the land we have already described. Now, if your Lordship will recall Exhibit 91, Mr. Hooke said he had committed a sale of Block 5 to Mr. Sladden before the City approached him because it wanted to replot this property before it approached him, and Mr. Hooke had to back out of the transaction with Sladden in order to facilitate the exchange of properties that the City was interested in. Mr. Sladden is living in Calgary and I have subpoenaed him -- I presume my friends will want to question him.

The next document in the chain of development is Exhibit 65, a transfer by Mr. Hooke to Mr.

2-M-2

Production of documents.

MR. CLEMENT: (Cont.) Sladden of Lots 9 and 10 in Block 8 -- that was the little additional property beyond Block 5. Mr. Sladden did complete -- Mr. Hooke and Mr. Sladden did complete their transaction in respect of those two lots, and as I understand it, Lot 5 was released in order that it could be exchanged with the City of Edmonton.

Exhibit 93 is a further recording of this transaction I just mentioned between Mr. Sladden and Mr. Hooke.

We come next to Exhibit 59, a memorandum dated May 5th, 1954, from Mr. Reid, the Superintendent of Land for the City of Edmonton, addressed to D. B. Menzies, the City Commissioner. It reads as follows:

" Re proposed exchange, Honourable A.J. Hooke, Block 5, Capilano, and acre Lot 3, Block 6, Wellington Park."

Now, let me just pause here, my Lord: acre Lot 3, Block 6, was then owned by Mr. Hooke, but in the course --- and it will crop up again in a subsequent aspect of these -- of the inquiry into Mr. Hooke's dealings with the City of Edmonton; but for this immediate purpose let me say that acre Lot 5 vanished out of the deal so that in the end result the exchange of properties related to Block 5, Capilano, for City property up in the Bronx.

The next instrument is Exhibit 60, dated May 10th, 1954, a memo from Reid, the Superintendent,

MR. CLEMENT: (Cont.) Shaden of Lot 5 and 14 in Block 2.

was the little additional property beyond Block 2. Mr. Shaden did complete -- Mr. Hooke and Mr. Shaden did complete their transaction in respect of those two lots, and as I understand it, Lot 5 was released in order that it could be exchanged with the City of Edmonton.

Exhibit 93 is a further recording

of this transaction I just mentioned between Mr. Shaden

and Mr. Hooke.

We come next to Exhibit 94

memorandum dated May 21st, 1924, from Mr. Reid, the

Superintendent of Land for the City of Edmonton, addressed

to D. B. Menzies, the City Commissioner. It reads as

follows:

Re proposed exchange, Henderson, A. J. Hooke, Block

2, Capilano, and acre Lot 3, Block Wellington

Park.

Now, let me just pause here, my lords, acre Lot 3, Block 6,

was then owned by Mr. Hooke, but in the course -- and it

will pop up again in a subsequent aspect of these -- of

the inquiry into Mr. Hooke's dealings with the City of

Edmonton; but for this immediate purpose let me say that

acre Lot 5 vanished out of the deal so that in the end

resulted in properties related to Lot 5.

operation in the Strand.

Exhibit 95.

2-M-3

Production of documents.

MR. CLEMENT: (Cont.) to the City Commissioners, re proposed exchange, Honourable A. J. Hooke, Block 5, Capilano, and acre Lot 3, Block 6, Wellington Park:

"Further to my memo of the 5th instant, the valuation of \$8,190.00 is broken down as follows: Block 5, Capilano, 2.65 acres, \$2,750.00 an acre" --- the computation being -- "\$7,290.00. Acre Lot 3, Block 6, Wellington Park, .9 acres, at \$1,000.00 per acre, \$900.00" --- totalling -- "\$8,190.00 ---," which is the amount referred to in Exhibit 59.

Exhibit 59 reads this:

"The total valuation of the two properties suggested to be turned in by the Honourable A. J. Hooke, would come to \$8,190.00, and the value of Block E, Bronx, containing 5.02 acres, at \$4,000.00 per acre, would be \$20,080.00, leaving a difference to pay of \$11,890.00."

The next instrument is Exhibit 63, a memorandum dated May 13th, 1954, from William Hawrelak, Mayor, to Superintendent R. A. Reid; subject: proposed exchange, Honourable A. J. Hooke, Block 5, Capilano, and acre Lot 3, Block 6, Wellington Park:

"Referring to your memos of the 5th and 10th instant, we have arranged for Mr. Hooke to transfer to the City his Capilano property" ---

the "Capilano property" is underlined, sir ---

"at our valuation of \$7,290.00, and to pay the City

2-M-4

Production of documents.
D. B. Menzies - Clement Ex.

MR. CLEMENT: (Cont.)

the difference between this figure and the City's price of \$20,080.00 for the Bronx property desired by him."

Now, this is handwritten:

"He will also sign an appropriate building commitment." and there is a notation in someone's hand:

"May 14th, 1954: Mr. Hooke has left for Old Country; will be away until middle of June."

We come next to a series of documents which are internal matters relating -- internal forms and memoranda relating to the completion of this transaction, this exchange of Capilano property for Bronx property -- and I think at this point I will call Mr. Menzies.

DUDLEY BLAIR MENZIES, sworn, examined by Mr. Clement:

Q Mr. Menzies, you are one of the Commissioners of the City of Edmonton?

A I am, yes.

Q And you have been for many years?

A Quite a number.

Q And what departments of civic affairs are under your specific charge?

A Over the years I have been associated with engineering, utilities, town planning -- essentially -- but -- and in a number of other minor facets, but those were the chief fields in which I was involved.

2-M-5

D. B. Menzies - Clement Ex.

Q In which you had direct responsibility, and of course associate responsibility in many other areas?

A That's right.

Q As far as town planning is concerned, the City a number of years ago engaged Mr. Geoffrey Hamilton as a Commissioner, and charged him with that -- I was going to say "portfolio"-- .

A That is correct. Prior to his being appointed I handled town planning, but at that time we broke the divisions down among the various departments, and he took over planning.

Q In fact he had made some study of that?

A That's right, he had taken courses.

Q Do you recall what year that was?

A No, I'm not sure of the exact year. It seems to me it would be around -- maybe about 1960.

Q Yes.

A In that order.

Q And then he was with the City for a while as City Commissioner, and then left to work for a private company?

A That is correct.

Q In Calgary?

A In Calgary.

Q Where he has made his home?

A That's right.

Q Now, Mr. Menzies, you were here when I gave a brief outline to the Commissioner of the transaction relatın to Capilano, and you prepared this plan for the assistance of this

2-M-6

D. B. Menzies - Clement Ex.

Q (Cont.) inquiry, and I believe marked on it the various pieces of land that would be referred to.

A That is correct.

Q And Block 5, Capilano, which I have already spoken of, is the piece marked in blue -- .

A That is correct.

Q -- here to the -- towards the southeast corner of the City?

A That is right.

Q Now, by reference, the Bronx property which was the subject of the exchange as far as the City was concerned, is similarly marked in blue?

A That is correct.

Q Up here -- blue with an "E" in the middle of the box?

A Right.

Q Now, would you just give the Commissioner a word about this transaction involving the exchange of the property, and then perhaps you could come to these documents which are in fact internal documents, that we have spoken of. Why was the City interested in acquiring Mr. Hooke's Capilano property?

A Well, at that time that land in that area was all agricultural and rural, although it had been subdivided, I think, away back in about 1913; but we had employed Mr. Dant to become our City Planner, and he was carrying out a progressive plan for the whole of the southeast, and gradually bringing into being by the cancelling out of old subdivisions and replacing them with new; and this practice

2-M-7

D. B. Menzies - Clement Ex.

A (Cont.) is done through the replotting procedure provided for in the Act.

Q That is, the Town Planning Act?

A Town Planning Act. He at that time was studying this particular area, and it became evident to him that in order to provide the facilities that he felt were necessary, particularly with respect to more road allowance than was available, and also because of the fact that there was no area that had been set aside which could be -- which the City owned and which could be converted into parkland use, it became obvious to us that we had to try to acquire some land in order to bring into being the plan that he wanted for that area; and in going over the various owners we came -- we came -- we would naturally search and we would try to find someone from whom we could probably try to buy -- and in so doing I imagine in doing the searching it became apparent that there was land, approximately a block in area, in the possession of Mr. Hooke, and we accordingly approached him, I think, to see if he would sell it, first of all. It's a long way back but I think probably he came back and said, well, he wished to co-operate and help us out and get our plan into effect, but he wasn't desirous of selling his land, and I think probably at that time he would say that he would be willing, however, to accept other land in lieu, in some other part of the City.

Q You are assuming this, Mr. Menzies, because of the end result which is recorded?

2-M-8

D. B. Menzies - Clement Ex.

A Right. I can only assume that this is what took place. In any case, as a result of a number of discussions that took place -- I didn't take part in them myself, but with our land department -- a proposal was finally made by them that such an exchange should take place. It was to our -- it was we who initiated it in the first place, and it was certainly something that we wanted to accomplish. We therefore had the two lands appraised by our departments to get the relative values -- .

Q Yes, this -- I wonder if you could just pause there for a moment and describe a little bit more the approach that the City made. First of all, how did this piece up in the Bronx come to be thought of in relation to the trade, and then what are the processes of valuation that the City acted on?

A Well, I'm sorry, I maybe can't give you part of your question. I don't know why the question of a trade would come up.

Q Well -- .

A It did come up, I know that to be the case, and I know that Mr. Hooke was interested in that area for other purposes. He was working in that area at the same time. He had a -- he had Lot 3 to which you had referred a little while ago, north of that area at that time.

Q Lot 3, then, as I understand it, acre Lot 3, Wellington Park, would be this orange and yellow bit a little east and north?

A That is correct; and he also had an arrangement -- at least a lease from the City, covering nine lots just a matter of a block or two away from that site.

2-M-9

D. B. Menzies - Clement Ex.

Q Is that the portion marked in green?

A No, it's the portion south of the tracks there in yellow.

Q The yellow piece?

A Yes.

Q And he had held that from the City by a two-year lease granted in 1952?

A Yes -- in 1950, I believe it was.

Q In 1950?

A The first time, and then he let it go in '52.

Q Ah, yes.

A And -- .

Q And it was on this property in the Bronx shown in yellow that he was carrying on his business of Ideal Homes -- that is to say, his office and warehouse and yard and so on?

A That had -- he had come into the lease of that property by virtue of the fact that he had come to the City and had stated that he wished that he and his company -- I believe it was Ideal Homes -- wished to get into the house-building business, that they wished to prefabricate, and that was the manner in which -- .

Q I am merely identifying it at the moment, sir.

A All right.

Q We will come to the lease itself as a separate topic.

A Surely.

Q Now, you don't know in particular, then, how this piece of property in the Bronx came to be thought of in relation to the exchange by Mr. Hooke?

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D. B. Menzies - Clement Ex.

A No, I would be guessing.

Q All you know is that he was --- your understanding is that he wanted to hold land, not to get rid of it, so the exchange proceeded on that basis, at the instigation of the City?

A Yes, I think that would be the case, and he would --- and when he would say, "I would rather have land than cash," he would -- Mr. Reid, our land man at that time, would probably suggest that -- well, here is a site and here is a site, and so on, and he would pin it down and say, "Well, I'm interested in that particular site."

Q This would be normal procedure under those circumstances?

A Yes sir.

Q Then and now?

A That is common procedure today, yes.

Q Yes.

A And was then.

Q Very well. Now, we have the properties lined up -- would you tell the Commissioner in a general way the processes that the Land Department goes through in reaching values and so on?

A Well, they do two things: they do a certain amount -- in those days they did a certain amount of appraising themselves -- they were well acquainted with the land values -- Mr. Reid had worked in the Assessors Department and had a basic experience on values; and quite often they would bring in outside appraisers to help them in assessing what the value

2-M-11

D. B. Menzies - Clement Ex.

A (Cont.) of a particular parcel is. We do that today.

Q Yes.

A As well.

Q And that was -- by some such normal means the values were established as far as the City was concerned?

A That's correct, yes.

Q And then, were those values adhered to or modified before the deal was completed?

A Those values were established and the exchange was consummated on the basis of those established assessments.

Q Now, if we could just go through these rapidly, Mr. Menzies, and if you would describe to the Commissioner the documents which I put before you -- . Start with Exhibit 59. Can you identify that?

A Yes, I identify that.

Q And what is it? A report from Mr. Reid to you?

A It is a letter from the Land Superintendent, Mr. Reid, to me, concerning the proposed exchange.

Q Giving the valuation which he had determined, as far as his position as superintendent was concerned?

A That is correct, yes.

Q I produce to you, then, Exhibit 60. That is merely a breakdown of the values shown -- ?

A That is right.

Q And what is Exhibit 63?

A Exhibit 63 is a document signed by Mayor Hawrelak, addressed to Mr. Reid, the Land Superintendent, stating that

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D. B. Menzies - Clement Ex.

A (Cont.) arrangements had been made for the transfer of the respective property.

Q In effect, it indicated the deal had been firmed up and was ready to go?

A That is correct.

Q Do you know whether Mr. Hawrelak entered in any way into this transaction?

A No, I couldn't say that, no.

Q Well then, we come to Exhibit 57. What is that?

A Exhibit 57 is merely a search in the Land Titles by the City Departments with respect to Block 5.

Q To show who the title was in so they would be certain who they could deal with?

A That is correct.

Q Now, we come to Exhibit 58. Could you identify that?

A Exhibit 58 is a document prepared by our Land Department, in which the details -- the proposed details of the exchange are outlined, and which show the value of the land that we will be acquiring from Mr. Hooke as being valued at \$7,290.00, and showing the land which he was interested in obtaining from us as being worth \$20,080.00, and indicating that Mr. Hooke would make a cash payment on the difference in value.

Q And the other obligations contemplated -- ?

A I should like to point out that we have always found it a practice, and still do, in selling our land, that as a condition of so doing, the purchaser obligates himself within

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D. B. Menzies - Clement Ex.

A (Cont.) a period of time to put a building on the land. We did not want to sell our land just for speculative purposes, but primarily to get industry developed, and this was part of the arrangement.

Q Yes. So then Exhibit 58 shows the Hooke property valued at \$7,290.00, the City property described as Block E, Bronx, Plan 4877H.W., valued at \$20,080.00, subject to an easement; and the transaction to be subject to a building agreement dated May 29th -- I'm sorry -- May 27th, 1954. Do I understand from that, Mr. Menzies --- well, I guess this memorandum about the building agreement dated May 27th, 1954, must have been typed in subsequently? Is that right?

A Yes.

Q And then there is the usual --

"The applicant will erect a warehouse building and offices, the approximate cost to be around \$80,000.00, and construction will commence by June 30th, 1954."

Do you know whose hand that was written in?

A I'm sorry, I couldn't say, no.

THE COMMISSIONER:

I think at this point we will adjourn.

(Adjourned at 11:15 a.m.)

3-B-1

D. B. Menzies - Clement Ex.

Q Now, Mr. Menzies, we had discussed briefly Exhibit 58 and noted that there was written in hand on Exhibit 58 a reference to an agreement to erect a warehouse building?

A Right.

Q I now produce to you a document dated May 27th 1954; would you identify that for me?

A This is the document by which Mr. Hooke agreed to build a building on the property within a prescribed time.

Q This is the Bronx property which was involved in the exchange for the Capilano property of Hooke's?

A That is correct, yes.

THE COMMISSIONER: The date of the agreement?

MR. CLEMENT: The date of the agreement, sir, is May 27th, 1954, between the City of Edmonton and Alfred John Hooke, relating to Block E, Bronx, Plan 4877.HW, and containing a covenant to commence the erection of a warehouse building with office to cost approximately \$80,000.00, and the structure, the construction to commence on or before June 30th, 1954. May I tender it?

THE COMMISSIONER: Exhibit 363.

AGREEMENT, CITY AND HOOKE, MAY
27th, 1954, MARKED EXHIBIT 363.

Q MR. CLEMENT: I now come to the instrument, Exhibit 61; will you identify that for me, Mr. Menzies?

A Exhibit 61, this is a document that we use in our operations to consummate land sales and exchanges.

Q So that this led then to the actual conveyancing on the part

3-B-2

D. B. Menzies - Clement Ex.

Q (Cont.) City, did it?

A Once this was signed by the Commissioners it enabled the Land Department then to go through the necessary procedure to have the transfers made.

Q And that is signed by the Superintendent, which would be Mr. Reid, and it appears to be initialled?

A That is correct.

Q Can you decipher from this photocopy whose initial it is or do we have to obtain the original?

A This one is not clear. I have seen the original and it is signed by the Mayor, or initialled by Mayor Hawrelak, "W. H.".

Q Now, sir, I believe, I put in for the sake of the flow a transfer, Exhibit 64, by Mr. Hooke to the City of Edmonton of Block 5, which is the Capilano property, the consideration being "an exchange of property"; and the Affidavit of the transferor taken by George J. Bryan in paragraph 4 sets out as to the circumstances:

"An exchange of property. The City of Edmonton is transferring all of Block E, Bronx, Plan 4877.HW in exchange for the land contained in this transfer and a payment of \$12,790.00."

Paragraph 6:

"The value of \$7,290.00 is apportioned as between land and improvements, land \$7,290.00, no improvements."

Now, Mr. Menzies, with reference to the documents we have already discussed, the land shown in Paragraph 6 of

3-B-3

D. B. Menzies - Clement Ex.

Q (Cont.) \$7,290.00 is the Capilano property value put on it by the City?

A That is correct.

Q And the \$12,790.00 referred to in Paragraph 4 is the difference between that Capilano price as fixed by the City and the Bronx property price as fixed by the City?

A That is right.

Q That is Exhibit 64, sir.

Now, Exhibit 70 is the Title of the City resulting from the registration of that transfer, showing the City to be then the owner of Block 5, Subdivision Plan 1562.AM.

I produce to you Exhibit 62 in this Inquiry; is that a further internal document as far as the City is concerned, Mr. Menzies?

A It would appear to be, yes.

Q Can you -

A Yes, it is.

Q I see on the bottom of it "Okay for transfer"; does that mean that all the requirements of the City of Mr. Hooke had been completed and Mr. Hooke is now entitled to a transfer of the Bronx property?

A I would assume that, yes. I don't know who initialled that but that is logical.

Q Yes. The next instrument, sir, is Exhibit 72, which shows the City of Edmonton holding title to several parcels, including Block E, Plan 4877.HW, Bronx, and Brown Estate; and that takes us up, sir, to the Bronx property which was the

3-B-4

D. B. Menzies - Clement Ex.

Q (Cont.) subject matter of the exchange, this portion up here.

Then the next instrument is Exhibit 75, a transfer by the City of Edmonton of Block E to Mr. Hooke, the consideration being:

"An exchange of land and \$12,790.00 in cash paid to the City by Alfred John Hooke."

The Affidavit of transferree again taken by Mr. Bryan for the circumstances:

"Exchange deal, Block 5, Plan 1562.A and valued at \$7,290.00 and the sum of \$12,790.00 cash in exchange for the land contained in this transfer."

The value of \$20,080.00 which is the City's valuation on the Bronx property is apportioned between land and improvements, land \$20,080.00. That is the Affidavit of transferree of Mr. Bryan as agent for Mr. Hooke.

The Title, Certificate of Title resulting from that transfer is Exhibit 73, showing Block E, Plan 4877.HW, standing in the name of Alfred John Hooke, and dated October 12th, 1954.

Just to complete that, sir, the next document, and my memory fails me as to whether it is already an Exhibit, is a transfer from Alfred John Hooke of this same Block E to Federal Equipment Supplies Western Limited, dated October 22nd, 1954, and made on the -

MR. MAYNARD: I have the resulting title.

Q MR. CLEMENT: Unless counsel can assure me that this is not already in as an Exhibit, and I'm sorry my memory

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D. B. Menzies - Clement Ex.

Q (Cont.) fails me on those first one hundred and twenty-four Exhibits -

THE COMMISSIONER: I don't see it noted in my list of Exhibits.

Q MR. CLEMENT: It would be in the first one hundred and twenty-four, sir. May I have that marked?

THE COMMISSIONER: That will be Exhibit 364.

TRANSFER, HOOKE TO FEDERAL
EQUIPMENT, BLOCK E, OCTOBER
22nd 1954, MARKED EXHIBIT 364.

Q MR. CLEMENT: Yes. Then arising out of the registration of that transfer is Exhibit 71, Certificate of Title 5N152 in the name of Federal Equipment Western Limited, showing an assurance fund value of \$29,000.00 and an unearned increment value of \$14,110.00.

In connection with the Affidavits of transferor and transferree respectively by Mr. Bryan, I tender the Power of Attorney granted by Mr. Hooke to Mr. Bryan, dated May 12th, 1954, whereby Mr. Bryan is appointed his attorney:

" ... to execute all documents that may be necessary to complete the transfer of the said property ..." and the said property being previously referred to as Block 5, Plan 1562.A in Capilano,

" ... and to receive and exchange therefore certain property to be transferred to me by the City of Edmonton, being Block E, Plan 4877.HW, Bronx Subdivision, and to sell Block E or otherwise deal with it and enter into engagements for the construction or erection of

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D. B. Menzies - Clement Ex.

Q (Cont.) buildings thereon, to obtain all required permits
for such construction ..."

and so on. I tender that, sir.

THE COMMISSIONER: Exhibit 365.

HOOKE POWER OF ATTORNEY TO BRYAN,
MAY 12th, 1954, MARKED EXHIBIT
365.

Q MR. CLEMENT: In connection with the appointment of
Mr. Bryan as attorney for Mr. Hooke in this transaction I
direct Your Lordship's attention to the Memorandum which is
attached to Exhibit 89, being in the nature of a statement
by Mr. Bryan as to his activities pursuant to that Power of
Attorney.

Now, Mr. Menzies, I produce to you a document dated
July 5th 1954; can you tell me whether that relates to the
building commitment by Mr. Hooke under the agreement of May
27th, 1954?

A Yes, it does.

Q And that is an application for what?

A For a building permit.

Q And who is the applicant there, or can you tell?

A I am sorry, I cannot. Just a minute now, Federal Equipment.

Q Federal Equipment?

A And Supply, yes.

Q Do you know anything of the circumstances of this application?

A I know nothing about this, no.

Q But in the end result obviously a building within the
contemplation of the agreement of May 27th was got underway

3-B-7

D. B. Menzies - Clement Ex.

Q (Cont.) within the required time?

A That is correct.

Q So the land was transferred?

A That is correct.

Q Now, Mr. Menzies, that is all the questioning I have for you in respect of this transaction.

MR. MAYNARD: Filed as an Exhibit?

MR. CLEMENT: Yes, thank you, Mr. Maynard.

May I tender this as an Exhibit?

THE COMMISSIONER: That will be Exhibit number 366.

APPLICATION FOR BUILDING PERMIT,
JULY 5th, 1954, BY FEDERAL
EQUIPMENT, MARKED EXHIBIT 366.

3-P-1

D. B. Menzies - Clement Ex.

THE COMMISSIONER: Has that been described? Would you identify the document?

MR. CLEMENT: The document sir is an application for a building permit dated July 5th, 1954 by Federal Equipment relating to the Bronx property showing Federal Equipment as the owner and giving some details of the type of building in respect of which the permit is applied for.

As I was saying Mr. Commissioner, that completes the questioning I have for Mr. Menzies in respect of the exchange of properties between Capilano and Bronx and I will turn now to another transaction between the City of Edmonton and Ideal Homes.

May I say sir that in opening this transaction to the Inquiry it is not because I myself have been able to detect anything in particular worth investigating but that Mr. Hooke appears to have felt he had a lingering grievance in respect of it and as I understand it, this topic was one of several complaints he made to the City in, one might say, a demand for compensation which he felt he was entitled to from the City.

THE COMMISSIONER: How would you describe the transaction?

MR. CLEMENT: The transaction is one of lease of Bronx property again, leased by the City to Ideal Homes. Now, Mr. Menzies has identified the specific property as that shown in yellow, up here, as I take it, immediately south from the C.N.R. main line railway track?

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D. B. Menzies - Clement Ex.

A That is correct, at about 129th Street.

Q About 129th Street, a little west of 127th Street as I read the map?

A Yes.

MR. MAYNARD: Mr. Commissioner, just before Mr. Clement proceeds on this, if there is no allegation of impropriety on Mr. Hooke in connection with Ideal Homes, we are not anxious to have it proceeded with simply to show that Mr. Hooke was improperly treated by the City of Edmonton, that was not my point when I raised the question the first time in reply to Mr. Wright.

We are quite prepared to let the transaction sit where it is as long as there is no suggestion of impropriety on the part of Mr. Hooke. If there is, however, a suggestion of impropriety on the part of Mr. Hooke in relation to the Ideal Homes situation or transaction then we feel it should be gone into.

MR. CLEMENT: Mr. Commissioner, I have here a copy of a letter from Mr. Alan Macdonald of the Legal Department of the City of Edmonton direct to the City Commissioners and dated April 5th, 1965 dealing with two matters. One is this lease and it gives a factual historical statement of the development of that matter showing, as far as I am concerned, no impropriety whatsoever. The other aspect of it brings us into the third topic which I will ask you to inquire into sir, property concerning, property up in the Wellington Park area and perhaps, in order that this

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D. B. Menzies - Clement Ex.

MR. CLEMENT: (cont.) question might be set at rest I might ask Mr. Menzies to identify this, I will be calling Mr. Macdonald in due course, identify this and I can read this portion of the report at this time --

THE COMMISSIONER: Yes, and then counsel can go on record as to their position with respect to this particular matter.

Q MR. CLEMENT: Now Mr. Menzies, this is a copy, of course, a Xerox copy, can you identify it for me?

A Yes, I recognize it.

Q And that is a letter prepared by the City Solicitor Mr. Macdonald to the City Commissioners and how did it come to be prepared? Were there claims being put forward at this time?

A Yes, in 1965 Mr. William Morrow on behalf of Ideal Homes and Mr. Hooke, I believe, appeared before Council and presented a brief in which he purported to point out where the group felt that they had not been treated fairly by the City and suggesting that some type of compensation should be considered.

Q And it was in connection with that representation to City Council that the City Solicitor was asked to prepare a Memorandum?

A That is correct.

Q Now the first --

THE COMMISSIONER: The date?

MR. CLEMENT: This is April 5th, 1965, sir. You

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D. B. Menzies - Clement Ex.

MR. CLEMENT: (cont.) have in fact, you are in fact able to verify the factual the factual content of this Memorandum insofar as it deals with the lease of the Bronx property of which I am now speaking of?

A Right. I can, yes.

THE COMMISSIONER: I think perhaps I had better tender it. Exhibit 367.

LETTER FROM THE CITY LEGAL DEPARTMENT
TO THE CITY COMMISSIONERS DATED APRIL
5th 1965 ENTERED AS EXHIBIT 367.

MR. CLEMENT: The relevant portion reads in this fashion, My Lord, dealing with two topics of complaint;

"First that the company was not allowed to purchase property in the Bronx subdivision from the City on which property the company wished to operate a building and supply business."

And then, dropping down to that topic again:

"On instructions of the Commissioners I have reviewed the City files and find the facts to be these;

1. Lots 12 to 20 in Block 38 Bronx plan 2090AH lying east of 129th Street and bordered on the north by C.N.R. were leased during 1950 to Ideal Homes and Supply Company for a two year period. This company was incorporated in June 1950 by A. J. Hooke and H. L. Spady and later in the year shares were allotted to two additional persons, John H. Campbell and Chris E. Hooke, each of the above named four men owned three thousand

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D. B. Menzies - Clement Ex.

MR. CLEMENT: (cont.)

shares. In May 1952 the Land Department of the City advised that the lease of Lots 12 to 20 in the Bronx was up for renewal. The company applied to buy the lots but was advised in writing under date June 30th, 1952 that the City was not prepared to sell the land to the company but would renew the lease if the company so desired.

3. The company assigned its lease to a Mr. Royer in 1952 and Mr. Royer signed a two year lease with the City from the 1st of July 1952 to the 30th of June, 1954."

If I may pause there just for a moment Mr. Commissioner, what was the state of affairs with respect to planning and zoning and the like in relation to this Bronx area in which the leasehold premises were situate?

A Well, these particular lots lay in an area that was subdivided as you can see, into very small lots and our planners were desirous of continuing the development of large parcels eastward from Lot E, previously mentioned.

Q That is the yellow lot?

A Yes, continuously over to 127th Street.

Q Yes?

A And unfortunately, many of these small lots in the area were occupied by people working for the railway and who were not desirous of letting their land go and have it converted into

3-P-6

D. B. Menzies - Clement Ex.

A (cont.) industrial property. So, while all this negotiating was going on to see if we could get other parties interested in consolidating, we felt we had to hold our property to see if we could obtain the balance of it and thus come up with an integrated plan.

Q Yes, so that then was the reason for you declining to consider a sale to Ideal Homes in 1952?

A That is correct.

Q As a matter of interest, what was the subsequent course of development in relation to replotting and replanning and so on?

A Well once Ideal had let it go we in turn --

Q Oh, I will read that but I am just going ahead, there was eventually a recognition on the part of the City that they never could get all this land put together to replot it for larger lots, is that correct?

A That is correct.

Q I will read straight on then, sir.

" 4. Royer asked by letter to purchase these lots but the City replied they were not for sale as zoning for the area had not been established.

5. Royer obtained on July 1st, 1954 a lease of the Bronx lots for two more years to June 30th, 1956."

I am not sure whether I read paragraph 3, I had better re-read it to make sure about the time sequence;

" 3. The company assigned its lease to Mr. Royer

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D. B. Menzies - Clement Ex.

Q (cont.)

" in 1952 and Mr. Royer signed a two year lease from the City from July 1st 1952 to the 30th of June 1954."

MR. CLEMENT: Then coming down to paragraph 6.

- " 6. On August 1st 1954 Royer Construction Limited assigned its lease on the said lots to Neil M. Ross of St. Albert with the approval of the City.
7. On April 30th, 1956 Ross asked for cancellation of his lease as he had sold the buildings on the land to Anarrdo Manufacturing Company.
8. On May 1st 1966 the City leased to Anarrdo Manufacturing Company the said lots, 10 to 20 in the Bronx for a two year period for \$30.00 for the total site per month but there was in the lease no firm commitment that the City would sell the lots to the company.
9. On February 11th, 1957 the City Commissioners gave the City Land Department approval to sell Lots 10 to 20 Bronx to Anarrdo Manufacturing Company who bought the lots for \$5,775.00 cash.
10. The property is still in the name of Anarrdo Manufacturing Company and is in use but access to the site is somewhat less satisfactory than it was in 1957 due to the construction of the 127th Street railway underpass at 127th Avenue."

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D. B. Menzies - Clement Ex.

Q MR. CLEMENT: Now Mr. Menzies, those are all the questions I wish to address to you on the subject of that lease and I will now, Mr. Commissioner, turn to the third topic. To assist in following the evidence, I should introduce some further Exhibits, sir.

THE COMMISSIONER: Mr. Clement, I don't believe that map has been marked an Exhibit yet, has it? The plan?

MR. CLEMENT: I guess I neglected to do that, you are quite right sir.

THE COMMISSIONER: Yes, we will mark that as Exhibit 368.

LARGE PLAN OF THE CITY IS MARKED
EXHIBIT 368.

MR. MAYNARD: Mr. Commissioner, in connection with Exhibit 368 it would be very useful if the various sites referred to, instead of being referred to as a parcel marked in blue over here and a parcel marked in blue over there, if they can be identified with a letter. All it would take would be an arrow, then it would be most convenient for references later on.

THE COMMISSIONER: Yes I think probably --

MR. MAYNARD: It need not be done now, sir.

THE COMMISSIONER: No, it can be done following, Mr. Menzies can do that during the adjournment if you would Mr. Menzies please.

MR. CLEMENT: Well Mr. Commissioner, the Capilano Bronx exchange, in that transaction the Bronx portion is

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D. B. Menzies - Clement Ex.

MR. CLEMENT: (cont.) outlined in blue and marked E already. Now, we could have the Capilano portion which is already outlined in blue marked E in the centre also. Will that be satisfactory?

MR. MAYNARD: Well, instead of E, if it were marked a different letter.

MR. GILL: I might suggest the figure 5 because of Block 5 and, we know that Block 5 was exchanged for E.

MR. MAYNARD: It is just a matter of convenience and reference Mr. Commissioner.

THE COMMISSIONER: Well, we will have it marked 5 then.

MR. CLEMENT: Now, the leasehold interest which existed from 1950 to 1952 and had the subsequent history which has been described is this yellow portion and we can mark that L if it is convenient, for lease, or whatever else counsel suggests.

THE COMMISSIONER: L will be fine.

MR. CLEMENT: The portion which I am now going to address myself to sir is up here and shown in red with some yellow surrounding it and that can be marked any way counsel suggests, it is in Wellington Park, mark it W if you like.

THE COMMISSIONER: Mark it W.

MR. CLEMENT: W consists of two acre lots, sir, acre lots 3 and 4 and I tender an historical abstract of Lot 3 Block 1 Plan 7416R Wellington Park.

THE COMMISSIONER: I think probably Mr. Short if you will take these other Exhibits away now so that we don't get

3-P-10

D. B. Menzies - Clement Ex.

THE COMMISSIONER: (cont.) them confused with these.

MR. CLEMENT: This certifies that on the 13th day of January, 1957 Certificate of Title 54N142 dated November 4th, 1952 stood in the name of Ideal Homes. May I have that marked, sir?

THE COMMISSIONER: Exhibit 369.

ABSTRACT OF LOT 3 BLOCK 1 PLAN
7416R WELLINGTON PARK ENTERED AS
EXHIBIT 369.

MR. CLEMENT: I produce a transfer sir from John Campbell to Ideal Homes of this same Lot 3 dated June 19th, 1952 and the Affidavit of Transferee in paragraph 2 shows improvements of the value of ten thousand six hundred, paragraph 4 shows the circumstances to be these; this transfer was made to vest the legal title in the Transferee, the beneficial owner of the within property from whom the Transferor has held the legal title as trustee. The value, a consideration of eleven thousand was apportioned as to land \$400.00, improvements ten thousand six hundred.

TRANSFER FROM JOHN CAMPBELL TO IDEAL
HOMES OF LOT 3 DATED JUNE 19th, 1952
ENTERED AS EXHIBIT 370.

MR. CLEMENT: I produce a transfer from Ideal Homes to John Campbell dated December 27th, 1956 of this same Lot 3, a consideration of \$11,000.00 and the Affidavit of Transferee taken by Mr. Campbell in paragraph 4 states the circumstances to be these; by virtue of a trust agreement between the Transferor and the Transferee by which the Transferee holds the said property in trust for the Transferor

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D. B. Menzies - Clement Ex.

MR. CLEMENT: (cont.) or its assigns.

THE COMMISSIONER: Exhibit 371.

TRANSFER FROM IDEAL HOMES TO JOHN
CAMPBELL DATED DECEMBER 27th 1956
IN CONNECTION WITH LOT 3 ENTERED AS
EXHIBIT 371.

MR. CLEMENT: I produce an historical abstract of
the Title to Lot 4, Block 1, Wellington Park, certifying that
on January 13th, 1957 Certificate of Title 138P152 dated
December 30th, 1954 stood in the name of Ideal Homes and
Building Supplies Limited.

THE COMMISSIONER: Exhibit 372.

ABSTRACT OF TITLE TO LOT 4 BLOCK 1
WELLINGTON PARK IS ENTERED AS EXHIBIT
372.

MR. CLEMENT: In explanation of that document, sir,
I produce a Transfer of Land from Mike Chosnyk to Ideal
Homes of the same Lot 4 for the price of \$1,800.00 and dated
December 14th, 1954.

THE COMMISSIONER: Exhibit 373.

TRANSFER OF LAND FROM CHOSNYK TO IDEAL
HOMES DATED DECEMBER 14th, 1954
ENTERED AS EXHIBIT 373.

MR. CLEMENT: The consideration shows -- the
Affidavit shows that the consideration of \$1,800.00 is
apportioned \$725.00 to land, \$1,075.00 to building.

I tender a Transfer from Ideal Homes to John Campbell
of this same Lot 4 for the consideration of \$1,800.00 and
dated December 27th, 1957 executed on behalf of Ideal
Homes by Spady and Campbell and the supporting Affidavits, the

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D. B. Menzies - Clement Ex.

MR. CLEMENT: (cont.) circumstances are stated to be these, by virtue of the trust agreement between the Transferor and the Transferee by which the Transferee holds the said property in trust for the Transferor or its assigns.

THE COMMISSIONER: Exhibit 374.

TRANSFER FROM IDEAL HOMES TO JOHN CAMPBELL OF LOT 4 DATED DECEMBER 27th 1957 ENTERED AS EXHIBIT 374.

MR. CLEMENT: I produce an historical abstract of Lots 19 and 20, Block 32 and Lots 17 to 23 inclusive in Block 33, City of Edmonton Plan 5570KS certifying that on September 11th, 1967 Title 24M173 dated December 30th, 1958 stood in the name of John H. Campbell.

Now, at this point sir the evidence will show that this was the land described in this historical abstract, is the same land acre lots 3 and 4 after a replot.

THE COMMISSIONER: Exhibit 375.

ABSTRACT OF TITLE OF LOTS 19 and 20 BLOCK 32 and LOTS 17 to 23 BLOCK 33 PLAN 5570KS MARKED AS EXHIBIT 375.

MR. CLEMENT: I produce a copy of Title 24M173 in the name of John M. Campbell to this land now being called W after the replot.

THE COMMISSIONER: Exhibit 376.

COPY OF TITLE 24M173 MARKED EXHIBIT 376.

Q MR. CLEMENT: Now Mr. Menzies, let's turn our attention to this land W. It seems apparent that these two lots, acre Lots 3 and 4 were not bought by Mr. Hooke from the City?

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D. B. Menzies - Clement Ex.

A They were not, no.

Q Let's trace the history of these lots and Mr. Hooke's dealings with the City in respect of them from say, whatever date your records start, would you tell Mr. Commissioner when your records on this piece of land start?

A Well, at the time that the lease of the lots that we were discussing a short time ago was coming up for expiry --

Q That would be 1952?

A Yes, in 1952, I am talking about the yellow lots south of the tracks and the question of whether the lease would or not would, would or would not be renewed became an issue with Mr. Hooke and with Ideal, I believe and in that we did not feel in a position to sell that land, Mr. Hooke came to my office and said that either Ideal was in a position to buy Lot 3 or had bought Lot 3, I forget which it was and that located on this particular lot was an old chicken house, one of these two storey chicken houses that used to be used for the commercial production of eggs.

Q Well now, just a moment, let us have a word of description, what sort of land there was up around there?

A All right. Well then I have to go quite a way back.

You should appreciate that back in 1933 the City passed a zoning bylaw which delineated zoning to most of the land within the City and that particular zoning stayed in effect under that bylaw till after the Second War.

At that time however we were beginning to look into the rapid growth of the City and it became apparent that that

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D. B. Menzies - Clement Ex.

A (cont.) zoning was not going to be what would be needed or what was being thought the City would develop to and, for that reason, Council passed a bylaw or a resolution which did away with the zoning, in other words, suspended the zoning and under enabling legislation went under what they call interim development and this, of course, provided that Council could decide in its own judgment how land should be held or should be used pending the final determination of the general plan and the final zoning which incidentally is just going through at the present time.

Thus it was that from 1933 when the plan was first -- when the bylaw was first passed up to 19-- the end of the War, that land was zoned, that is Lots 3 and 4 were zoned B1 family which is, which means that is about the lowest type of zoning we had at that time for house building.

Q I don't follow you on the lowest Mr. Menzies?

A Well, it is the smallest unit, you have one family, two family, three family and so on, stepping up the line and B1 was the category generally known in those days as one family houses, all over the City, there was a great deal of that zoning and these lots at the time were B1 family but, of course, by virtue of the suspension that took place following the War, that cancelled out the whole thing and it had no status.

Q You meant the lowest density of zoning?

A Right. So that really it had no status for a long period of time.

3-P-15

D. B. Menzies - Clement Ex.

A (cont.) Now, Mr. Hooke came to me and said, I can't remember whether he said he was in the position to buy Lot 3 or that he had already done or Ideal had done it, I forget the details of that but, in any case his question to me was, were he to give up his lease south of the tracks where he was carrying on a prefabricating business in connection with houses building, I think, did I see there would be any difficulty in his transferring that operation to this chicken house on Lot 3. Now, I had to say to him, strictly speaking, under the old bylaw it would be non-conforming because he would be carrying on an industrial type of operation on B1 family property but in that this area was out in the bush at the time, it was just solid bush and no one in fact near it, I did say to him I thought, if he took the proper steps he probably could get permission from Council or from any of the Boards that handled that, to temporarily carry on this business until such time as it again became apparent as to what the ultimate use of that land was to be.

Q Yes?

A And conceivably on that discussion he let his lease lapse on the south side of the tracks and moved his operations to the north side.

Now, he did a number of things, I presume you are going to mention in a minute, to ratify and make legal his carrying on that operation for a number of years through permissions from various City Boards.

Q Yes. Are you able to give Mr. Commissioner a run down of

3-P-16

D. B. Menzies - Clement Ex.

Q (cont.) those steps, I have in front of me here Exhibit 98, could you perhaps deal with that in the context of what you are saying?

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D. B. Menzies - Clement Ex.

A I would have to read them fairly carefully. I was under the impression, sir, that you were going to get this information from Mr. Rodgers, whom you have subpoenaed, and I did not spend a lot of time -- there were a number of dealings -- or at least petitions that went through to try to get the use of this land confirmed.

Q Yes, we will call Mr. Rodgers, but just so that we may have a general understanding at this stage if you would recount what did happen in general terms, just a sort of a brief historical development.

A Well, on July 15th, 1952, Ideal Homes & Supply Company was refused an application to convert the chicken house for use as an office, storage and workshop.

Q Yes. Well, now, just to get Exhibit 98 into context, Exhibit 98 is a letter dated May 30th, 1952, addressed on City stationery to Ideal Homes, from the Secretary of the Interim Development Appeal Board, and reading in this fashion:

"Re: Application for permission to convert existing building for office, storage, and workshop use, at 13234-127th Street, being acre Lot 3, Block 1, Wellington Park, Plan 7411R.

This is to confirm that the above appeal which was considered by the Interim Development Appeal Board May 27th, was laid on the table with a view to an exchange of property being arranged. If these negotiations should not be successful we will notify

3-M-2

D. B. Menzies - Clement Ex.

Q (Cont.)

you when the application is being reconsidered by the Appeal Board."

Now, I take it from what you have just said, Mr. Menzies, that those negotiations came to nothing. Do you know anything about them yourself?

A I think that, that they were trying to find other industrial land to which they could move, but apparently didn't find it, and ultimately it did go back to the Board for a decision.

Q Now, can you identify Exhibit 107?

A Yes, I can identify that.

Q And what is it?

A It is a document from the Interim Development Appeal Board, advising that the request to use this for industrial purposes was turned down.

Q That is, then, in support of the testimony you just gave, that the Appeal Board refused the application. All right, let's take it along, then, from that point, Mr. Menzies. What is the chronology of events after that refusal on July 15th, 1952?

A Well, it would appear that in -- later that year, in November, that a development permit was requested by the company, to carry on this operation on that property, and such authority was granted to use acre Lot 3 and acre Lot 4 as office, storage, and prefabricating shop, for a two-year period.

3-M-3

D. B. Menzies - Clement Ex.

Q Yes, so then it was given permission to use the land for those purposes?

A For a two-year period, yes.

Q For a two-year period, and was that permission made use of?

A I believe it was.

Q Yes.

A There is a little bit of -- a point that I'm not quite clear on, and I have to read the documentation. I believe they were working in conjunction with a firm known as -- Millard, and that it is possible that during that two-year period they jointly used it, but I can't confirm that; but in any case it was used, either by Ideal or by Millard of Acme Pipe, for the business that they had been carrying on for some time.

Q Yes. That lasted for two years, then, and would bring us to 1954, would it?

A That would bring it to 1954.

Q Were there any developments that year?

A It would appear that in 1954 Acme Pipe & Supply made a request to the Planning Department to use acre Lot 3 -- that is the one on which the chicken house was -- for a five-year period as a light industrial site.

Q For the purpose of operating and manufacturing concrete pipe, to be carried on in conjunction with existing wholesale lumber and supply?

A That's right, yes.

Q Now, this application for that usage was made by Mr. Millard,

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D. B. Menzies - Clement Ex.

Q (Cont.) you said?

A Apparently it was made by Acme Pipe, and I believe Mr. Millard was the man in charge of that company.

Q And did that application come before the Interim Development Appeal Board?

A It did.

Q I ask you to look at Exhibit 108. Does that reflect the matter having come before the Interim Development Appeal Board?

A That is correct.

Q And what was the consequence?

A The consequence was that they made no decision and they tabled it for a future decision.

Q So it just wasn't dealt with by the Board at that time?

A No.

Q Exhibit 108, my Lord, is dated November 23rd, 1954, entitled: "Decision of the Interim Development Appeal Board," and addressed to Mr. I. E. Millard at the municipal address of the property designated as "W".

"Decision of Appeal Board that the appeal be tabled.

The next meeting will be December 7th, and your

appeal will be heard at approximately 5:15 p.m."

Now, what is the chronology from then on, Mr. Menzies?

A Well, it would appear then that at the meeting on December 7th, mentioned just a minute ago by you, that the Board granted a three-year permit to carry on light industrial operations on that property.

3-M-5

D. B. Menzies - Clement Ex.

Q I see. This was the Interim Development Appeal Board that granted this?

A That's correct, yes.

Q And did that "stick", so to speak? Was there any appeal or did the companies carry on under that term?

A I think they carried on under the permit.

Q Now, subsequent to that, did the question of replotting and rezoning and so on, come up?

A It was currently proceeding at that time, yes.

Q Would you just give us a word, Mr. Menzies, as to what was in contemplation as far as the Wellington Park area was concerned? You have said that, back at the time, 1950 or '52 it was all bush.

A Right.

Q Had there been any development of any sort start in that area by 1954 or '55?

A It was beginning to start at the westerly end of what is known as Wellington Park. To clarify what we mean by Wellington Park, it is that area lying between 127th Street--

Q 127th Street in here?

A And 142nd Street and -- well, I guess I should say a better description would be the main line of the Northern Alberta Railroad. That is approximately 142nd Street.

Q Well, anyhow it's farther west -- .

A Yes.

Q -- and we all know how far west 142nd Street is.

A And from the railway north up to the existing City Limits.

3-M-6

D. B. Menzies - Clement Ex.

Q That is the C.N. main line along here?

A Right.

Q To which "E" and "L" apply.

A And north to the City Limits.

Q Very well.

A And for development reasons we were being particularly pressed at that time to get some land available for low rental, and a site had become available at the extreme west of the Wellington site, and thus it was that we began to bring in the ultimate subdivision of the whole of the Wellington Park area progressively from the west towards the east, and it was brought in in a series of plans.

Q Replots?

A Yes, a series of them --they came in progressively. I don't know how many -- there might have been five -- somewhere in that order.

Q Yes?

A And thus it was that as we gradually moved east, the last area to which we came was the area in which these Lots 3 and 4 are located.

Q Yes.

A And by 1957, I think it was, the owners of all the other land to the west and north of these two particular lots were pressing to have the plan finalized; and thus it was that a replot was brought for the final area including these parcels, was brought before Council for planning and adoption, in about 1957, I think, was the date.

3-M-7

D. B. Menzies - Clement Ex.

Q Now, just to -- . This took a little time, I assume, Mr. Menzies. I show you Exhibit 99, a letter dated August 26th, 1955, by Mr. Rault to All-West Distributors (1955) Ltd.

A Yes.

Q Are you able to identify that as a copy of a letter sent by him?

A Yes, I can.

Q Mr. Rault's position with the City was then what?

A He was called the Industrial Director.

Q And what were his functions?

A Fundamentally, looking after our Land Department -- he was in charge of that department.

Q The sale of land, do you mean?

A Yes -- negotiating and finding industrial sites for people looking for that type of thing, and he also looked after the department in so far as the negotiating for replots was concerned.

Q When did he leave the service of the City, roughly?

A 1959.

Q I won't ask you why. You have brought the story, then, of the development of these transactions up to 1957, but could you give us a word of explanation as to what was in the air in August 1955, which resulted in this letter being written by Mr. Rault to All-West Distributors? Before you answer that, Mr. Menzies, I wish to tender by way of illumination on this subject, corporate records of All-West Distributors Ltd. They might, I think, perhaps, go in as one

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D. B. Menzies - Clement Ex.

Q (Cont.) exhibit, the annual report of All-West Distributors Ltd. made as of December 31st, 1951, which shows as directors John H. Campbell and Arthur Arnold, and as shareholders John H. Campbell 9,000 shares, Arthur Arnold 9,000 shares, but having received them from one Ralph Erickson, on June 18th, 1951. The issued capital is shown to be 18,000 shares ordinary shares of a par value of one dollar. The annual report made up to December 31st, 1954, shows John H. Campbell as a director, and Elizabeth Campbell, housewife, as a director. The list of shareholders shows John H. Campbell holding 17,999 shares, Elizabeth Campbell one share, and that the 9,000 formerly standing in the name of Arthur Arnold, were transferred from his name in July, 1952, one share to Elizabeth Campbell and the remainder to John H. Campbell. I have been furnished with a certified copy of a list of companies struck off the register, certified by the Registrar of Companies:

"Notice is hereby given pursuant to Section 170 -- "

and so on "-- that the following companies have this

date been struck off the register and dissolved --."

Included in that list is All-West Distributors Ltd., and the date of the instrument was October 31st, 1958.

THE COMMISSIONER: The annual reports together will be marked as Exhibit 377, and the certificate Exhibit 378.

ANNUAL FINANCIAL STATEMENTS, ALL-WEST
DISTRIBUTORS LTD., ARE MARKED
EXHIBIT 377.

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D. B. Menzies - Clement Ex.

CERTIFICATE RE STRIKE-OFF AND
DISSOLUTION OF ALL-WEST DISTRIBUTORS,
IS MARKED EXHIBIT 378.

Q MR. CLEMENT: Now, I'm sorry to have interrupted you, Mr. Menzies, but I wanted to get on record that All-West in that year 1955, actually was John Campbell's company. So I was about to ask you to deal with what was going on that resulted in this letter Exhibit 99.

A Well, by 1955, the replotting of Wellington had progressed to the point that we were fast reaching the easterly end, and no doubt the Town Planner had discussed with Mr. Rault what the final disposition of these Lots 3 and 4 should be; and he did make it definitely known to him that he did not think that they should be zoned industrial, and that when the new plan came out their zoning would be something different from industrial. It would appear that in 1955, then, that Mr. Rault, knowing this was likely to take place, wrote to Mr. Briscoe on behalf of All-West Distributors, pointing out that the likelihood of their being able to carry on industrial there much longer was likely to terminate, and suggested maybe the best thing to give consideration to would be to make a move and see if he couldn't get some proper industrial property -- there was quite a lot available at that time in that general area, but farther south -- and suggesting maybe this change should take place.

Q Farther south would run you into the Bronx on the south side of the railway track?

3-M-10

D. B. Menzies - Clement Ex.

A Yes, and also south of where these lots are, too.

Q Oh, yes.

A And that is the basis of his writing that letter and suggesting maybe they should be thinking about a possible exchange with us, we being agreeable to take over their acre lots if we could find some industrial parcel to which they could move, and then we would look after the residential part ourselves in the new plan.

Q Now, Mr. Menzies, did this dealing between Mr. Campbell and Mr. Rault have any after-effects? Did it result in anything?

A Well, there is documentation to show that there were discussions carried on between Mr. Rault and the company -- Mr. Briscoe, I believe -- and that a potential site for moving might be available farther south. Now, the site to which it was suggested the move be made involved four lots, four City-owned lots on the east side of 129th Street, immediately north of 127th Avenue.

Q Now, are these lots the ones shown in green?

A Yes, they are shown in green -- they are part of the area shown in green.

Q Well -- .

A But that is the general location.

Q Well, it looks to me as if these are four lots shown in green there.

A There's more than four lots shown in green in that map. They're in that. The reason that was marked green was to show that the planners were thinking that that whole area

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D. B. Menzies - Clement Ex.

A (Cont.) should not be allowed to become industrial.

Q What should it be?

A They always felt and argued for a long time that there should be a physical break from the housing to the railway track, which would be converted into what would be known as a buffer zone, and be landscaped and used for playground purposes for the housing that lay to the north.

Q Is that similar to what is called a green belt when it goes around the City?

A Yes -- we have a number of these areas along the railways throughout the City. Maybe the best example would be out on the main line of the C.N.R. as it goes north, in the vicinity of 11th and 12th Avenues. You will see that same thing happening there.

Q Well then, as I understand it, Mr. Menzies, this portion was being focused on in the discussion between Mr. Campbell and Mr. Rault, and then ran into this obstacle?

A Well, may I just point out -- may I refer back to the old 1935 Zoning Bylaw?

Q Yes.

A In that I mentioned the fact that the lots -- the acre lots in question were B One Family.

Q That's correct.

A The lots that we are discussing now were zoned industrial in that plan.

Q Yes.

A And Mr. Rault, in discussing possible trades, probably looked

3-M-12

D. B. Menzies - Clement Ex.

A (Cont.) at this old map and saw that there was some industrial property there, and he began to bring up the idea: would you be interested in going to this industrial property showing on the old zoning bylaw; and he came --he discussed this matter with me and he --- he did not know -- I doubt if he would know that the planners were thinking that this land should not be used for industrial. He was going on the assumption it was industrial, in the old plan; and he said that the company was agreeable to accepting these four lots for acre Lot 3, and he asked me what was it all about. Now, I had to say to him: this doesn't seem to be too equitable an exchange, because they were going to relinquish an acre, which is roughly ten lots, as they were originally subdivided, for four of ours, of a comparable area, and he --.

Q That is to say, the value seemed to be right, if you are only talking about values?

4-B-1

D. B. Menzies - Clement Ex.

A Yes, it was a little, it looked as if it was disproportionate, if we were going to take an acre for four lots; and he raised the question with me "Well, maybe we might participate in the moving.". They wanted to move the old chicken house or what was left of it, or the shed down, that is in addition to the exchange, this is what they wanted to do.

Q Well, I would assume there is something more than a chicken house by this time, Mr. Menzies; whatever there was there?

A I am sorry, whatever were the buildings that were up there, whatever they had built in the meantime, I am not aware of what that was. Now, so for that reason I think Ideal did go to a firm known as Fishburne to get an estimate, an approximate idea of what the moving charge would be, so that we could see where the two fitted in together. While this was all going on, however, I was carrying on further discussion with my planners, trying to come to the conclusion, is this land, these, occupied by these four lots, is it to be "industrial" in the final plan or is it to be a buffer zone.

Q And you found out that it was not?

A And in my discussion they were most adamant that this should be retained, that they didn't have enough room for playgrounds and they didn't think that we should put "industrial" bang up against "housing", so I had to report to Mr. Rault that I could not agree to the exchange.

Q Yes, and did it just stop there, is that all there was to it?

A Well, it stopped there as far as I was concerned, yes. It

4-B-2

D. B. Menzies - Clement Ex.

A (Cont.) re-occurred later but -

Q In a subsequent year?

A Pardon?

Q I mean was there any actual action taken at that time?

A I did not know of any action taking place at that time, no.

Q Were you subsequently told by somebody that steps had been taken in consequence of these discussions between Mr. Rault and Mr. Campbell?

A Yes, a number of years later in a document, in this document that I mentioned which went to Council this issue is dealt with; and the company contends that on the basis of those discussions they started to demolish that building preparatory to moving before any documentation was actually completed.

Q Now, when you say they started to demolish those buildings you are speaking of some buildings up here, W, Acre Lot 3, as it originally was?

A Yes.

Q Acre Lot 3 and 4?

A They contend at a later date that thinking they were going to get these four lots that they made arrangements to take part of the building, to lower it, and the documentation had not gone through, and I had to support our planners, I had never given anyone to understand that I would agree to the trade, I was looking at it, two things were going on concurrently, and that is where it ended that time, but the question arises six years later.

Q Yes, that is the reason I was bringing it out at this

4-B-3

D. B. Menzies - Clement Ex.

Q (Cont.) moment, Mr. Menzies, because this is when it happened although it did not come to light as far as you were concerned until -

A Six years later.

Q - some subsequent time, six years later you say?

A Yes.

Q Sir, perhaps this might be a convenient time to adjourn?

THE COMMISSIONER: Gentlemen, I observe that Remembrance Day this year falls on Saturday, the 11th, and consequently Monday has been declared a public holiday, so the week after next we will not sit until Wednesday, the 15th.

(And the Hearing stood adjourned
at 1:00 P.M.)

